PRELIMINARY OFFICIAL STATEMENT

RENEWAL ISSUE | **BOND ANTICIPATION NOTES**

In the opinion of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, under existing statutes, regulations, rulings, and court decisions, and assuming continuing compliance with certain tax certifications described herein, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), as amended. Bond Counsel is also of the opinion that the interest on the Notes is not treated as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Furthermore, Bond Counsel is of the opinion that, under existing statutes, interest on the Notes is exempt from personal income taxes imposed by New York State and any political subdivision thereof. See "TAX EXEMPTION" herein

The Notes will be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

PANAMA CENTRAL SCHOOL DISTRICT
CHAUTAUQUA COUNTY, NEW YORK

GENERAL OBLIGATIONS

$4,650,000 Bond Anticipation Notes, 2022

(the "Notes")

(DESIGNATED/BANK QUALIFIED)

Dated: July 13, 2022 | **Due: June 29, 2023**

The Notes are general obligations of the Panama Central School District, Chautauqua County, New York (the "District" or the "School District"), and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes. All the taxable real property within the District will be subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York.

The Notes are not subject to redemption prior to maturity.

The Notes will be issued as registered notes and at the option of the purchaser(s), may be registered in the name of the purchaser(s) or may be registered to the Depository Trust Company ("DTC"). If such Notes are issued as registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds. In such case, the Notes will be issued as registered in the name of the purchaser(s) in denominations of $5,000 or multiples thereof, as may be determined by such successful bidder(s).

Alternatively, if the Notes will be issued through DTC, the Notes will be registered in the name of Cede & Co. as nominee of DTC which will act as the securities depository for the Notes. Noteholders will not receive certificates representing their ownership interest in the notes purchased if the purchaser(s) elects to register the Notes. Such Notes will be issued in denominations of $5,000 or integral multiples thereof, as may be determined by such successful bidder(s). If the Notes are issued as registered notes, payment of the principal of and interest on the Notes to the Beneficial Owner(s) of the Notes will be made by DTC Direct Participants and Indirect Participants in accordance with standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers registered in the name of the purchaser or registered in "street name". Payment will be the responsibility of such DTC Direct or Indirect Participants and the District, subject to any statutory and regulatory requirements as may be in effect from time to time. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the approving legal opinion as to the validity of the Notes of Hodgson Russ LLP of Buffalo, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery through the facilities of DTC in Jersey City, New Jersey, or as may be agreed upon, on or about July 13, 2022.

ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com on June 30, 2022 until 10:45 A.M., Prevailing Time, pursuant to the Notice of Sale. No other form of electronic bidding services will be accepted. No bid will be received after the time for receiving bids specified above. Bids may also be submitted by facsimile at (315) 930-2354. No phone bids will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.

June 24, 2022

THE DISTRICT DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SUCH RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE NOTES. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S), AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE NOTES. UNLESS THE NOTES ARE PURCHASED FOR THE SUCCESSFUL BIDDER'S OWN ACCOUNT, AS PRINCIPAL FOR INVESTMENT AND NOT FOR RESALE, THE DISTRICT WILL ENTER INTO AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS REQUIRED BY THE RULE. SEE "APPENDIX C – DISCLOSURE UNDERTAKING" HEREIN.

PANAMA CENTRAL SCHOOL DISTRICT
CHAUTAUQUA COUNTY, NEW YORK

SCHOOL DISTRICT OFFICIALS

2021-2022 BOARD OF EDUCATION

GREGORY HUDSON
President

CARRIE MUNSEE
Vice President

DAWN BRINK
GREGORY BULLARO
ROBERT DELAHOY
STEVEN MORGAN
KYLE RHOADES

* * * * *

BERT LICTUS
Superintendent of Schools

AMANDA KOLSTEE
Business Official

GENEVIEVE JORDAN
District Clerk

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

HODGSON RUSS LLP
Bond Counsel & School District Attorney

No person has been authorized by the District to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates, and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District.

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PREPARED WITH THE ASSISTANCE OF

Fiscal Advisors & Marketing, Inc.
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OFFICIAL STATEMENT

of the

PANAMA CENTRAL SCHOOL DISTRICT
CHAUTAUQUA COUNTY, NEW YORK

Relating to

$4,650,000 Bond Anticipation Notes, 2022

This Official Statement, which includes the cover page, has been prepared by the Panama Central School District, Chautauqua County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of $4,650,000 principal amount of Bond Anticipation Notes, 2022 (the "Notes").

The factors affecting the District's financial condition and the Notes are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the District tax base, revenues, and expenditures, this Official Statement should be read in its entirety, and no one factor should be considered more or less important than any other by reason of its relative position in this Official Statement.

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the District contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof, and all references to the Notes and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive forms of the Notes and such proceedings.

Statements in this Official Statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the District management's beliefs as well as assumptions made by, and information currently available to, the District's management and staff.

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has continued to create, since its inception in the spring of 2020, prevailing economic conditions (at the global, national, State and local levels) that remain uncertain, have been generally negative, and are subject to the potential for rapid change as new variants emerge and as governments and other organizations respond. These conditions are expected to continue for an indefinite period of time. Significant federal and state relief measures that have been enacted since the onset of the pandemic have served to support the operations and finances of the District, but such measures were temporary in nature and are not likely to be extended or renewed, at least to such a large extent. Accordingly, the District's overall economic situation and outlook (and all of the specific District-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide and continuing event, the effects of which are extremely difficult to predict and quantify going forward. See "COVID-19," herein.

THE NOTES

Description of the Notes

The Notes are general obligations of the District, and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes as required by the Constitution and laws of the State (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the District will be subject to the levy of *ad valorem* taxes to pay the Notes and interest thereon, without limitation as to rate or amount, subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York. (See "TAX LEVY LIMITATION LAW" herein.)

The Notes are dated July 13, 2022 and mature, without option of prior redemption, on June 29, 2023. Interest on the Notes will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued in registered form either (i) in the name of the purchaser(s), in which case principal of and interest on the Notes will be payable in Federal Funds at such bank(s) or trust company(ies) located and authorized to do business in the State as may be selected by such successful bidder(s); or (ii) in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein. One fully-registered note certificate will be issued for all Notes of a particular issue bearing the same rate of interest and CUSIP number. Purchasers will not receive certificates representing their interest in the Notes. Principal and interest will be paid in lawful money of the United States of America (Federal Funds) by the District directly to the registered owner or to DTC for its nominee, Cede & Co.

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Purpose of Issue

On January 21, 2020, the qualified voters of the District approved a proposition authorizing the issuance of serial bonds in an aggregate principal amount not to exceed $4,666,067 to finance the reconstruction and renovation of, and the construction of improvements and upgrades to the District's universal Pre-K-12 main school building and sewer plant (and the sites thereof) at an estimated maximum cost of $5,000,000. The Notes are being issued in accordance with the Constitution and Laws of the State of New York, including among others, the Local Finance Law and the Education Law, and pursuant to a bond resolution that was duly adopted by the Board of Education on February 10, 2020.

The proceeds of the Notes, along with $10,584 available funds of the District, will be used to partially redeem and renew an outstanding bond anticipation note of the District that was issued on July 14, 2021 for the capital project.

BOOK-ENTRY-ONLY SYSTEM

DTC will act as securities depository for the Notes, if so requested. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for each note bearing the same rate of interest and CUSIP number and will be deposited with DTC.

DTC, a limited-purpose trust company organized under the New York Banking Law, is a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, note certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company.

THE DISTRICT CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE NOTES; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE NOTES; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE NOTES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST ON THE NOTES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE NOTES.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE DISTRICT MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

Certificated Notes

If the book-entry form is initially chosen by the purchaser(s) of the Notes, DTC may discontinue providing its services with respect to the Notes at any time by giving notice to the District and discharging its responsibilities with respect thereto under applicable law, or the District may terminate its participation in the system of book-entry-only system transfers through DTC at any time. In the event that such book-entry-only system is utilized by a purchaser(s) of the Notes upon issuance and later discontinued, the following provisions will apply:

The Notes will be issued in registered form in denominations of $5,000 or integral multiples thereof. Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank or trust company, located and authorized to do business in the State to be named as fiscal agent by the District. The Notes will remain not subject to redemption prior to their stated final maturity date.

THE SCHOOL DISTRICT

General Information

The District began in 1895 as a union free school district and consolidated in 1939 to form the District.

The District is located in the Towns of Harmony, North Harmony, Busti, and Sherman. Geographically, Panama is located in the southwestern section of Chautauqua County, which is the westernmost county in New York State.

The District is located in an area that is largely residential, with agriculture being the main industry. The major employers are Cummins Engine Company and the Erie 2 Chautauqua-Cattaraugus BOCES (Hewes Center). Year-round outdoor recreation abounds throughout the area. There is hunting and fishing and there are many areas suitable for hiking and horseback riding. The area also has recreational facilities with many golf courses, ski resorts, State parks, and boating opportunities.

Chautauqua County has several opportunities for higher education within its boundaries, including the State University of New York at Fredonia, Jamestown Community College, Jamestown Business College and the Chautauqua Institution, which is a center for theater, dance, concerts and other cultural activities, located on Chautauqua Lake.

The District is situated very near the New York State Thruway and the Southern Tier Expressway (Route #17/Interstate #86), making shopping available in the metropolitan areas of Erie, Pennsylvania and Buffalo, New York. It is also located in close proximity to the City of Jamestown, which is a diversified industrial community with an approximate population of 28,712 (2020 U.S. Census estimate).

Source: District officials.

Population

The current estimated population of the District is 3,469. (Source: 2020 U.S. Census Bureau.)

Selected Wealth and Income Indicators

Per capita income statistics are not available for the District as such. The smallest areas for which such statistics are available, which include the District, are the Towns and the County listed below. The figures set below with respect to such Towns and County are included for information only. It should not be inferred from the inclusion of such data in the Official Statement that the Towns or the County are necessarily representative of the District, or vice versa.

	Per Capita Income			Median Family Income		
	2000	2006-2010	2016-2020	2000	2006-2010	2016-2020
Towns of:						
Busti	$ 22,602	$ 29,141	$ 38,818	$ 47,798	$ 67,713	$ 80,540
Harmony	15,292	20,627	26,603	39,167	48,438	62,059
North Harmony	18,795	25,878	33,979	47,614	51,734	66,250
Sherman	13,947	13,256	23,943	39,083	39,000	64,191
County of:						
Chautauqua	16,840	21,033	27,061	41,054	51,031	62,366
State of:						
New York	23,389	30,948	40,898	51,691	67,405	87,270

Note: 2017-2021 American Community Survey estimates are not available as of the date of this Official Statement.

Source: U.S. Census Bureau 2000 census, and 2006-2010 and 2016-2020 5-Year American Community Survey data.

Larger Employers

The following are the five larger employers located within or in close proximity to the District.

Name	Type	Number of Employees
Cummins Engine	Manufacturing	1,500
BOCES Hewes Center	Education	160
Panama Central School District	Public Education	105
Chautauqua Chemicals	Manufacturing	35

Source: District officials.

Unemployment Rate Statistics

Unemployment statistics are not available for the District as such. The smallest area for which such statistics are available (which includes the District) is the County. The information set forth below with respect to the County is included for informational purposes only. It should not be inferred from the inclusion of such data in this Official Statement that the County is necessarily representative of the District, or vice versa.

	Annual Averages						
	2015	2016	2017	2018	2019	2020	2021
Chautauqua County	6.1%	5.9%	6.0%	5.0%	4.5%	8.5%	5.6%
New York State	5.2%	4.9%	4.6%	4.1%	3.8%	9.9%	6.9%

	2022 Monthly Figures					
	Jan	Feb	Mar	Apr	May	Jun
Chautauqua County	4.7%	4.9%	4.5%	3.7%	N/A	N/A
New York State	5.3%	5.1%	4.7%	4.2%	N/A	N/A

Note: Unemployment rates for May and June of 2022 have not been released as of the date of this Official Statement.

Source: Department of Labor, State of New York. (Note: Figures not seasonally adjusted).

Form of School Government

The District is an independent entity governed by an elected board of education comprised of seven members. District operations are subject to the provisions of the State Education Law affecting school districts; other statutes applicable to the District include the General Municipal Law, the Local Finance Law and the Real Property Tax Law.

Members of the Board of Education (the "Board") are elected on a staggered term basis by qualified voters at the annual election of the District (held on the third Tuesday in May). The term of office for each board member is five years and the number of terms that may be served is unrestricted. A president is selected by the Board from its members and also serves as the chief fiscal officer of the District. The Board of Education is vested with various powers and duties as set forth in the Education Law. Among these are the adoption of annual budgets (subject to voter approval), the levy of real property taxes for the support of education, the appointment of such employees as may be necessary, and other such duties reasonably required to fulfill the responsibilities provided by law.

The Board of Education appoints the Superintendent of Schools, who serves the Board. The Superintendent is the chief executive officer of the District and the education system. It is the responsibility of the Superintendent to enforce all provisions of law and all rules and regulations relating to the management of the schools and other educational, social, and recreational activities under the direction of the Board of Education. Also, certain of the financial functions of the District are the responsibility of the Superintendent of Schools and the School Business Official.

Budgetary Procedures

Pursuant to the Education Law, the Board of Education annually prepares or causes to be prepared, a budget for the ensuing fiscal year. A public hearing on such budget is held not less than seven days and not more than fourteen days prior to the vote. The Board of Education causes notice of such public hearing to be published four times beginning seven weeks prior to the vote. After the public hearing, but not less than six days prior to the budget vote, the District must mail a school budget notice to all qualified voters which contains the total budget amount, the dollar and percentage increase or decrease in the proposed budget (or contingency budget) as compared to the current budget, the percentage increase or decrease in the consumer price index, the estimated property tax levy, the basic STAR exemption impact and the date, time and place of the vote.

After the budget hearing and subsequent notice, a referendum upon the question of the adoption of the budget is held on the third Tuesday in May each year. All qualified District residents are eligible to participate.

Pursuant to Chapter 97 of the Laws of 2011 ("Chapter 97"), beginning with the 2012 – 2013 fiscal year, if the proposed budget requires a tax levy increase that does not exceed the lesser of 2% or the rate of inflation (the "School District Tax Cap"), then a majority vote is required for approval. If the proposed budget requires a tax levy that exceeds the School District Tax Cap, the budget proposition must include special language and a 60% vote is required for approval. Any separate proposition that would cause the School District to exceed the School District Tax Cap must receive at least 60% voter approval.

If the proposed budget is not approved by the required margin, the Board of Education may resubmit the original budget or a revised budget to the voters on the third Tuesday in June, or adopt a contingency budget (which would provide for ordinary contingent expenses, including debt service) that levies a tax levy no greater than that of the prior fiscal year (i.e. a 0% increase in the tax levy).

If the resubmitted and/or revised budget is not approved by the required margin, the Board of Education must adopt a budget that requires a tax levy no greater than that of the prior fiscal year (i.e. a 0% increase in the tax levy). For a complete discussion of Chapter 97, see "TAX LEVY LIMITATION LAW" herein.

Recent Budget Vote Results

The budget for the 2021-22 fiscal year was approved by qualified voters on May 18, 2021 by a vote of 123 to 20. The District's adopted budget for the 2021-22 fiscal year remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget called for a total tax levy increase of 0%, which was below the District tax levy limit of 2.55%.

The budget for the 2022-23 fiscal year was approved by qualified voters on May 17, 2022 by a vote of 149 to 18. The District's adopted budget for the 2022-23 fiscal year remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget called for no change in the total tax levy, which was below the District tax levy limit of 1.62%.

Investment Policy

Pursuant to the statutes of the State of New York, the District is permitted to invest only in the following investments: (1) special time deposits or certificates of deposits in a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the District; (6) obligations of a New York public corporation which are made lawful investments by the District pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of District moneys held in certain reserve funds established pursuant to law, obligations issued by the District. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

Consistent with the above statutory limitations, it is the District's current policy to invest in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America or (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America. In the case of obligations of the United States government, the District may purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities to be delivered to a third-party custodian.

The District has adopted its own Investment Policy, which, in addition to incorporating all of the provisions of statute enumerated above, further restricts trading partners to commercial banks or trust companies licensed and doing business in New York State. The Investment Policy prohibits investing though any private entity or brokerage firm and provides for written security agreements and/or custodial agreements with each commercial bank or trust company.

State Aid

The District receives financial assistance from the State. In its adopted budget for the 2022-2023 fiscal year, approximately 67.83% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner, in any year, municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the District. No assurance can be given that present State aid levels will be maintained in the future. State budgetary restrictions which could eliminate or substantially reduce State aid could have a material adverse effect upon the District, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. (See "MARKET AND RISK FACTORS" herein.)

The City of New York was an early epicenter of the COVID-19 pandemic in the United States, and as a result the State suffered significant revenue shortfalls and unanticipated expenses beginning at the end of the State's 2019-2020 fiscal year, and continuing during the State's 2020-2021 fiscal year.

In response, the enacted State budget for the 2020-21 fiscal year allowed the State to reduce expenditures (including aid to local school districts and municipalities) if tax receipts were lower than anticipated. Accordingly, in June, 2020 the State Division of the Budget ("DOB") began withholding 20 percent of most local aid payments, although such aid has generally since been restored.

Many of the State's 2020-2021 budget decisions were based on the uncertainty of future federal aid. In the period of time since such decisions were made, the $1.9 trillion American Rescue Plan Act was signed into law (on March 11, 2021), which legislation includes almost $24 billion in funding for various levels of government in the State, including approximately $12.5 billion for the State, $6 billion for New York City, and $4 billion to be divided among counties in the State; another $12 billion is intended to be used toward the safe reopening of K-12 schools as well as colleges and universities.

Accordingly, the State enacted budget for the 2021-2022 fiscal year is more expansive (about 10% higher) than the prior budget, including significantly increased funding for schools and local governments. School districts will benefit from a $1.4 billion increase in Foundation Aid and a three-year Foundation Aid full restoration phase-in that will allow all school districts to receive the increased level of Foundation Aid that was originally promised in 2007, along with a $105 million expansion of full-day prekindergarten. Local governments will receive a full restoration of proposed cuts to Aid and Incentives for Municipalities (AIM) funding. Further, municipalities that host Video Lottery Terminal ("VLT") facilities will receive a full restoration of $10.3 million in proposed VLT aid cuts.

Although the 2021-2022 budget contains additional aid for school districts and municipalities, it is uncertain whether the State will have future budget shortfalls necessitating cuts to State aid. Reductions in the payment of State aid could adversely affect the financial condition of school districts in the State, including the District. See "COVID-19," herein, for further details on the COVID-19 pandemic and its effects on the State.

Federal Aid Received by the State

As previously stated, ARPA is a COVID-19 relief package which was signed into law on March 11, 2021; it included $350 billion of funds for state, local and territorial governments to keep their frontline workers employed, distribute the vaccine, increase testing, reopen schools and maintain vital services. ARPA also included an additional $1,400 payment to eligible individuals and families, enhanced unemployment aid, rental and utility assistance to low and moderate income households, an increase in food stamp benefits, additional funding for child care and an increase in child care tax credits.

The State receives a substantial amount of federal aid for other health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy, the general condition of the global and national economies and other circumstances, including the diversion of federal resources to address the current COVID-19 outbreak.

Reductions in Federal funding levels could have a materially adverse impact on the State budget. In addition to the potential fiscal impact of policies that may be proposed and adopted by the administration and Congress, the State budget may be adversely affected by other actions taken by the Federal government, including audits, disallowances, and changes to Federal participation rates or other Medicaid rules.

Building Aid

A portion of the District's State aid consists of building aid which is related to outstanding indebtedness for capital project purposes. In order to receive building aid, the District must have building plans and specifications approved by the Facilities Planning Unit of the State Education Department. A maximum construction and incidental cost allowance is computed for each building project that takes into account a pupil construction cost allowance and assigned pupil capacity. For each project financed with debt obligations, a bond percentage is computed. The bond percentage is derived from the ratio of total approved cost allowances to the total principal borrowed. Approved cost allowances are estimated until a project final cost report is completed.

Aid on debt service is generally paid in the current fiscal year provided such debt service is reported to the Commissioner of Education by November 15 of that year. Any debt service in excess of amounts reported by November 15 will not be aided until the following fiscal year. The building aid received is equal to the approved building expense, or bond percent, times the building aid ratio that is assigned to the District. The building aid ratio is calculated based on a formula that involves the full valuation per pupil in the District compared to a State-wide average.

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2022-2023 preliminary building aid ratios, the District State Building aid of approximately 87.0% for debt service on State Education Department approved expenditures from July 1, 2004 to the present.

The State building aid ratio is calculated each year based upon a formula which reflects Resident Weighted Average Daily Attendance (RWADA) and the full value per pupil compared with the State average. Consequently, the estimated aid will vary over the life of each issue. State building aid is further dependent upon the continued apportionment of funds by the State Legislature.

State Aid History

State aid to school districts within the State has declined in the wake of the 2008-2009 recession before increasing again in more recent years.

School district fiscal year (2017-2018): The State 2017-18 Enacted Budget increased State aid to education by $1.1 billion, including a $700 million increase in Foundation Aid, which brought the total amount of State aid to education to $25.8 billion or an increase of 4.4%. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as is the State's usual practice. Transportation aid increased by 5.5% and building aid increased by 4.8%. The State 2017-18 Enacted Budget continued to link school aid increases for 2017-18 and 2018-19 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d. The State 2017-18 Enacted Budget allowed the Governor to reduce aid to school districts mid-year if receipts from the federal government are less than what was expected. The Legislature then will have 90 days to approve the Governor's plan.

School district fiscal year (2018-2019): The State 2018-19 Enacted Budget included nearly $1 billion in additional education funding, representing a 3.9% increase over 2017-18. Approximately $859 million of that increase was comprised of traditional public school aid, including increased Foundation Aid and full-funding of expense-based aids. Formula-based school aid stoof at $26.03 billion statewide, a 3.4% increase over the last year. The State 2018-19 Enacted Budget included an increase of $618 million in Foundation Aid for school districts. Foundation Aid totaled nearly $17.8 billion statewide. For the seventh consecutive year, the Foundation Aid increase was distributed using a one year, off formula methodology. The State 2018-19 Enacted Budget guaranteed that all school districts received an increase in Foundation Aid over their 2017-18 levels. $50 million of the Foundation Aid increase was "set aside" for certain school districts to fund community schools. The State 2018-19 Enacted Budget fully funded all expense-based aid for 2018-19, including building, transportation, BOCES and special education aid. These categories served as State reimbursements for school district expenses made in the prior year, based on school district-specific aid ratios. A total of $240 million was approved for increases in all expense-based aids in 2018-19. The State 2018-19 Enacted Budget allowed the Governor to reduce aid to school districts mid-year if receipts from the federal government were less than what was expected.

School district fiscal year (2019-2020): The State 2019-2020 Enacted Budget included a total of $27.69 billion for School Aid, a year-to-year funding increase of $956 million or 3.6 percent and provided additional funding for Foundation Aid of $338.0 million and $409.65 million in reimbursements for expense-based aids. In addition, the 2019-2020 Enacted Budget increased the Community Schools set-aside funding amount by $49.99 million to a total of $250.0 million. This increased funding was targeted to districts with failing schools and/or districts experiencing significant growth in English language learners. The State 2019-2020 Enacted Budget increases the minimum community schools funding amount from $75,000 to $100,000. This ensured all high-need districts across the State could apply the funds to a wide-range of activities.

School district fiscal year (2020-2021): Due to the anticipated impact of the COVID-19 pandemic on State revenues, State aid in the State's 2020-2021 Enacted Budget was 3.7 percent lower than in the State's 2019-2020 Enacted Budget but was offset in part with increased Federal support. This reduction in State Operating Funds support was offset by approximately $1.1 billion in funding provided to the State through the Federal CARES Act, including the Elementary and Secondary School Emergency Education Relief Fund and the Governor's Emergency Education Relief Fund. With these Federal funds, State aid in the school district fiscal year 2020-2021 was $27.9 billion, an annual increase of approximately $100 million or 0.4 percent. The State's 2020-2021 Enacted Budget continued prior year funding levels for existing programs, including Foundation Aid, Community Schools and Universal Prekindergarten. The 2020-2021 Enacted Budget also provided over $200 million in support for competitive grant programs, including $1 million for development of a new Civics Education curriculum and $10 million for a Student Mental Health program. Funding for expense-based aids, such as Building Aid, Transportation Aid, and Boards of Cooperative Educational Services (BOCES) Aid was continued under existing aid formulas. Out-year growth in School Aid reflects current projections of the ten-year average growth in State personal income. The State's 2020-2021 Enacted Budget authorized the State's Budget Director to make periodic adjustments to State Aid, in the event that actual State revenues come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. Pursuant to that provision, in October, 2020, the State announced that, in the absence of Federal funding to offset such lost revenue, the State had begun to take steps to reduce spending, including but not limited to, temporarily holding back 20% of most aid payments to local governments and school districts. However, the 2020-2021 State aid declines were offset, in part, by $1.1 billion of increased federal funding through the Coronavirus Aid, Relief, and Economic Security Act. With these federal funds, State aid totaled $27.9 billion in the State's 2020-2021 Enacted Budget, an annual increase of approximately $100 million or 0.4 percent from the 2019-2020 Enacted Budget. As of February 1, 2021, the State Education Department ("SED") advised school districts that the State Division of the Budget would, at some point, provide approval for SED to make the payments to school districts for State aid and other Pre-K-12 grant programs that had been subject to the above-referenced 20% withholding.

School district fiscal year (2021-2022): The State's 2021-22 Budget includes $29.5 billion in state aid to school districts, and significantly increased funding for schools and local governments, including a $1.4 billion increase in Foundation Aid and a three-year phase-in of the full restoration to school districts of Foundation Aid that was initially promised in 2007. Additionally, the budget includes the use of $13 billion of federal funds for emergency relief, along with the Governor's Emergency Education Relief, which included, in part, the allocation of $629 million to school districts as targeted grants in an effort to address learning loss as a result of the loss of enrichment and after-school activities. In addition, $105 million of federal funds are to be allocated to expand full-day kindergarten programs. Under the budget, school districts were to be reimbursed for the cost of delivering school meals and instructional materials in connection with COVID-19-related school closures in spring 2020, along with the costs of keeping transportation employees and contractors on stand-by during the short-term school closures prior to the announcement of the closure of schools for the remainder of the 2019-20 year. See "COVID-19" herein for further details on the COVID-19 pandemic and its effect on the State.

School district fiscal year (2022-2023): The State's 2022-23 Enacted Budget provides $31.5 billion in State funding to school districts for the 2022-23 school year, the highest level of State aid ever. This represents an increase of $2.1 billion or 7.2 percent compared to the 2021-22 school year, and includes a $1.5 billion or 7.7 percent Foundation Aid increase. The State's 2022-23 Enacted Budget also programs $14 billion of federal Elementary and Secondary School Emergency Relief and Governor's Emergency Education Relief funds to public schools. This funding, available for use over multiple years, is designed to assist public schools to reopen for in-person instruction, address learning loss, and respond to students' academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. The State's 2022-23 Enacted Budget allocates $100 million over two years for a new State matching fund for school districts with the highest needs to support efforts to address student well-being and learning loss. In addition, the State's 2022-23 Enacted Budget increases federal funds by $125 million to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2022-23 school year.

State Aid Litigation

In January 2001, the State Supreme Court issued a decision in *Campaign for Fiscal Equity v. New York* mandating that the system of apportionment of State aid to school districts within the State be restructured by the Governor and the State Legislature. On June 25, 2002, the Appellate Division of the State Supreme Court reversed that decision. On June 26, 2003, the State Court of Appeals, the highest court in the State, reversed the Appellate Division, holding that the State must, by July 30, 2004, ascertain the actual cost of providing a sound basic education, enact reforms to the system of school funding and ensure a system of accountability for such reforms. The Court of Appeals further modified the decision of the Appellate Division by deciding against a Statewide remedy and instead limited its ruling solely to the New York City school system.

After further litigation, on appeal in 2006, the Court of Appeals held that $1.93 billion of additional funds for the New York City schools – as initially proposed by the Governor and presented to the Legislature as an amount sufficient to provide a sound basic education – was reasonably determined. State legislative reforms in the wake of The Campaign for Fiscal Equity decision included increased accountability for expenditure of State funds and collapsing over 30 categories of school aid for school districts in the State into one classroom operating formula referred to as foundation aid. The stated purpose of foundation aid is to prioritize funding distribution based upon student need. As a result of the Court of Appeals ruling schools were to receive $5.5 billion increase in foundation aid over a four fiscal year phase-in covering 2007 to 2011.

In school district fiscal year 2009-2010, foundation aid funding was frozen by the State Legislature to the prior fiscal year level, and in the fiscal year thereafter foundation aid funding was reduced through a "gap elimination adjustment" as described above, and other aid adjustments. While foundation aid has generally remained below the initially promised amounts, the State has announced, as part of the State's 2021-22 budget, that the final foundation aid phase-in will take place over the next three years.

A case related to the *Campaign for Fiscal Equity, Inc. v. State of New York* was heard on appeal on May 30, 2017 in *New Yorkers for Students' Educational Rights v. State of New York ("NYSER")* and a consolidated case on the right to a sound basic education. The NYSER lawsuit asserts that the State has failed to comply with the original decision in the Court of Appeals in the *Campaign for Fiscal Equity* case, and asks the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the foundation aid formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district property tax levies above the property tax cap limitation, and related matters. On June 27, 2017, the Court of Appeals held that the plaintiffs' causes of action were properly dismissed by the earlier Appellate Division decision except insofar as two causes of action regarding accountability mechanisms and sufficient State funding for a "sound basic education" as applicable solely to the school districts in New York City and Syracuse. The Court emphasized its previous ruling in the *Campaign for Fiscal Equity* case that absent "gross education inadequacies", claims regarding state funding for a "sound basic education" must be made on a district-by-district basis based on the specific facts therein. On October 14, 2021 Governor

Kathy Hochul announced that New York State has reached an agreement to settle and discontinue the *New Yorkers for Students' Educational Rights v. New York State* case, following through on the State's commitment to fully fund the current Foundation Aid formula to New York's school districts over three years and ending the State's prior opposition to providing this much-needed funding to our students. The litigation, which has been ongoing since 2014, sought to require New York State to fully fund the Foundation Aid formula that was put into place following the historic *Campaign for Fiscal Equity* cases, and had been previously opposed by the State. Foundation Aid was created in 2007, and takes school district wealth and student need into account to create an equitable distribution of state funding to schools. However, New York State has never fully funded Foundation Aid. The new settlement requires New York State to phase-in full funding of Foundation Aid by the FY 2024 budget. In the FY 2022 Enacted State Budget approved in April, the Executive and Legislature agreed to fully fund Foundation Aid by the FY 2024 budget and enshrined this commitment into law. A breakdown of currently anticipated Foundation Aid funding is available below:

- FY 2022: $19.8 billion, covering 30% of the existing shortfall
- FY 2023: Approximately $21.3 billion, covering 50% of the anticipated shortfall
- FY 2024: Approximately $23.2 billion, eliminating the anticipated shortfall, and funding the full amount of Foundation Aid for all school districts

There can be no assurance that the State appropriation for building aid and other State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid, including building aid appropriated and apportioned to the District, can be paid only if the State has such monies available therefor. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget or their elimination therefrom.

State Aid Revenues

The following table illustrates the percentage of total revenues of the District for the below fiscal years that is or was comprised of State aid.

Fiscal Year	Total Revenues	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2016-2017	$ 13,390,800	$ 9,464,935	70.7%
2017-2018	13,568,069	9,731,079	71.7
2018-2019	12,594,815	8,920,506	70.8
2019-2020	11,887,243	8,250,552	69.4
2020-2021	11,592,726	7,777,710	67.1
2021-2022 (Budgeted)	12,933,775	8,653,865	66.9
2021-2022 (Unaudited)	12,179,315	8,555,787	70.3
2022-2023 (Budgeted)	13,522,638	9,171,846	67.8

Source: Audited Financial Statements for the 2016-2017 through 2020-2021 fiscal years, unaudited estimates for the 2021-2022 fiscal year, and adopted budgets of the District for the 2021-2022 and 2022-2023 fiscal years. This table is not audited.

Note: The unaudited estimate figures for the 2021-2022 fiscal year are based upon certain current assumptions and estimates, and the audited results may vary therefrom.

District Facilities

Name	Grades	Capacity	Year(s) Built/Additions
Panama Central School	K-12	1,015	1929, ’39, ’50 ’56, ’59, ’70 ’89 ’94, ’97, ’01, ’05, ’09

Source: District officials.

Consolidation Study

The District previously contemplated a merger with Clymer Central School District. A request for proposal to perform a feasibility study for consolidation was submitted by the districts in late 2016. In March 2017, each school district requested applicants to form a Feasibility Advisory Committee to analyze data and draft recommendations for the merger. Discussions with committee members and district residents relating to the potential merger took place. The merger study report was presented on October 17, 2017 and meetings were held in each district. A vote was held on November 13, 2017 with the following results: Clymer 186 – 654, failed, Panama 192 – 168, passed. The vote needed to pass in each district in order to move forward to a binding vote. Merger discussions have ended.

Enrollment Trends

School Year	Enrollment	School Year	Projected Enrollment
2017-18	476	2022-23	420
2018-19	492	2023-24	419
2019-20	477	2024-25	415
2020-21	449	2025-26	424
2021-22	445	2026-27	430

Source: District officials.

Employees

The District has employees with representation by the various bargaining units listed below:

Number of Employees	Bargaining Unit	Contract Expiration Date
51	Panama Faculty Association	June 30, 2024
35	Panama Nonteaching Unit (CSEA #6317)	June 30, 2025
4	Administration	June 30, 2025

Source: District officials.

Status and Financing of Employee Pension Benefits

Substantially all employees of the District are members of either the New York State and Local Employees' Retirement System ("ERS") (for non-teaching and non-certified administrative employees) or the New York State Teachers' Retirement System ("TRS") (for teachers and certified administrators). (Both Systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) These Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members working less than ten years must contribute 3% (ERS) or 3.5% (TRS) of gross annual salary towards the cost of retirement programs.

On December 12, 2009, a new Tier V was signed into law. The legislation created a new Tier V pension level, the most significant reform of the State's pension system in more than a quarter-century. Key components of Tier V include:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring ERS employees to continue contributing 3% of their salaries and TRS employees to continue contributing 3.5% toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from 5 years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at $15,000 per year, and for police and firefighters at 15% of non-overtime wages.

On March 16, 2012, the former Governor signed into law the new Tier VI pension program, effective for new ERS and TRS employees hired after April 1, 2012. The Tier VI legislation provides for increased employee contribution rates of between 3% and 6% and contributions at such rates continue so long as such employee continues to accumulate pension credits, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for the final average salary calculation from 3 years to 5 years. Tier VI employees will vest in the system after ten years of employment and will continue to make employee contribution throughout employment.

The District is required to contribute at an actuarially determined rate. The actual contributions for the last five years and budgeted figures for the 2022-2023 fiscal year are as follows:

Fiscal Year	ERS	TRS
2017-2018	$ 142,467	$ 540,263
2018-2019	152,029	467,852
2019-2020	163,317	510,944
2020-2021	169,396	432,664
2021-2022	180,321	469,722
2022-2023 (Budgeted)	171,320	483,758

Source: District records.

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The District currently does not have early retirement incentive programs for its employees.

Historical Trends and Contribution Rates. Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% of payroll for the employees' and the police and fire retirement systems, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

A chart of average ERS and TRS rates as a percent of payroll (2017-2018 to 2022-2023) is shown below:

Fiscal Year	ERS	TRS
2017-18	15.3%	9.80%
2018-19	14.9	10.62
2019-20	14.6	8.86
2020-21	14.6	9.53
2021-22	16.2	9.80
2022-23	11.6	10.29*

* Estimated.

In 2003, Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and the Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program for ERS. The reform program established a minimum contribution for any local governmental employer equal to 4.5% of pensionable salaries for bills which were due December 15, 2003 and for all fiscal years thereafter, as a minimum annual contribution where the actual rate would otherwise be 4.5% or less due to the investment performance of the fund. In addition, the reform program instituted a billing system to match the budget cycle of municipalities and school districts that will advise such employers over one year in advance concerning actual pension contribution rates for the next annual billing cycle. Under the previous method, the requisite ERS contributions for a fiscal year could not be determined until after the local budget adoption process was complete. Under the new system, a contribution for a given fiscal year is based on the valuation of the pension fund on the prior April 1 of the calendar year preceding the contribution due date instead of the following April 1 in the year of contribution so that the exact amount may now be included in a budget.

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating employers, if they so elect, to amortize an eligible portion of their annual required contributions to ERS when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a "graded" rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by the State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year's amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer's graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use.

The District is not amortizing any pension payments, nor does it intend to do so in the foreseeable future.

Stable Rate Pension Contribution Option. The 2013-14 State Budget included a provision that provides local governments and school districts, including the District, with the option to "lock-in" long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and TRS. The stable rates would be 12% for ERS and 14% for TRS. The pension contribution rates under this program would reduce near-term payments for employers, but will require higher than normal contributions in later years. The District did not participate in the Stable Rate Pension Contribution Option, nor does it intend to do so in the foreseeable future.

The investment of monies, and assumptions underlying same, of the Retirement Systems covering the District's employees is not subject to the direction of the District. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement Systems ("UAALs"). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the District which could affect other budgetary matters. Concerned investors should contact the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

The State's 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that will allow school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts will be permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District has not established a TRS reserve fund as of the date of this Official Statement.

Other Post-Employment Benefits

Healthcare Benefits. It should also be noted that the District provides employment healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. There is now an accounting rule that requires governmental entities, such as the District, to account for employment healthcare benefits as it accounts for vested pension benefits.

School districts and Boards of Cooperative Educational Services, unlike other municipal units of government in the State, have been prohibited from reducing health benefits received by or increasing health care contributions paid by retirees below the level of benefits or contributions afforded to or required from active employees since the implementation of Chapter 729 of the Laws of 1994. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of this date. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

OPEB. OPEB refers to "other post-employment benefits," meaning other than pension benefits, disability benefits and OPEB consist primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Until now, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements.

GASB 75. In 2015, the Governmental Accounting Standards Board ("GASB") released new accounting standards for public OPEB plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. The District implemented GASB 75 for the fiscal year ended June 30, 2017. The implementation of this statement requires school districts to report OPEB liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. GASB Statement No. 75 replaced GASB Statement 45, which also required school districts to calculate and report a net OPEB obligation. However, under GASB 45 school districts could amortize the OPEB liability over a period of years, whereas GASB 75 requires the District to report the entire OPEB liability on the statement of net position.

The District contracted with Burke Group, an actuarial firm, to calculate its actuarial valuation under GASB 75. The following outlines the changes to the Total OPEB Liability during the below fiscal years, by source.

Balance beginning at July 1:	2019	2020
Changes for the year:	$ 811,949	$ 1,128,761
Service cost	17,918	23,886
Interest	27,013	27,319
Differences between expected and actual experience	231,741	(43,239)
Changes in assumptions or other inputs	84,746	16,501
Changes of benefit terms	-	-
Benefit payments	(44,606)	(51,090)
Net Changes	$ 316,812	$ (26,623)
Balance ending at June 30:	2020	2021
	$ 1,128,761	$ 1,102,138

Note: The above table is not audited. For additional information see “APPENDIX – D” attached hereto.

There is no authority in current State law to establish a trust account or reserve fund for this liability. The District has reserved $0 towards its OPEB liability. The District funds this liability on a pay-as-you-go basis.

The District’s unfunded actuarial accrued OPEB liability could have a material adverse impact upon the District’s finances and could force the District to reduce services, raise taxes or both.

Under GASB 75, an actuarial valuation will be required every 2 years for all plans, however, the Alternative Measurement Method continues to be available for plans with less than 100 members.

Other Information

The statutory authority for the power to spend money for the object or purpose, or to accomplish the object or purpose, for which the Notes are to be issued is the Education Law and the Local Finance Law.

The District is in compliance with the procedure for the publication of the estoppel notice with respect to the Notes as provided in Title 6 of Article 2 of the Local Finance Law.

No principal or interest upon any obligation of the District is past due.

The fiscal year of the District is July 1 to June 30.

Except for as shown under "STATUS OF INDEBTEDNESS – Estimated Overlapping Indebtedness", this Official Statement does not include the financial data of any political subdivision having power to levy taxes within the District.

Financial Statements

The District retains independent certified public accountants. The last audit report covers the period ending June 30, 2020 and is attached hereto as "APPENDIX – D". Certain financial information of the District can be found attached as Appendices to the Official Statement.

The District complies with the Uniform System of Accounts as prescribed for school districts in New York State by the State. This system differs from generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units", and codified in Government Accounting, Auditing and Financial Reporting (GAAFR), published by the Governmental Accounting Standards Board (GASB).

Beginning with the fiscal year ending June 30, 2003, the District issues its financial statements in accordance with GASB Statement No. 34. This statement includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management's Discussion and Analysis.

John S Trussalo, CPA, P.C., the independent auditor for the District, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. John S Trussalo, CPA, P.C. also has not performed any procedures relating to this Official Statement.

Unaudited Results of Operations for Fiscal Year Ending June 30, 2022

The District expects to conclude the fiscal year ending June 30, 2022 with an unappropriated unreserved fund balance of approximately $2,341,499. Summary unaudited projected information for the General Fund for the period ending June 30, 2022 is as follows:

Projected Revenues:	$	12,179,315
Projected Expenditures:		11,412,605
Projected Excess (Deficit) Revenues Over Expenditures:	$	766,710
Total General Fund Balance at June 30, 2021:	$	3,047,185
Total Projected General Fund Balance at June 30, 2022:	$	3,813,895

Note: These projections are based upon certain current assumptions and estimates, and the audited results may vary therefrom.

Source: District officials.

New York State Comptroller Reports of Examination

The State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the District has complied with the requirements of various State and Federal statutes. These audits can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

There are no recent State Comptroller's audits of the District, nor are there any that are currently in progress or pending release.

Note: Reference to website implies no warranty of accuracy of information therein, and the website is not incorporated herein by reference.

The State Comptroller's Fiscal Stress Monitoring System

The State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

The fiscal stress scores are based on financial information submitted as part of each school district's ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in "Significant Fiscal Stress", in "Moderate Fiscal Stress," as "Susceptible Fiscal Stress" or "No Designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "No Designation." This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The reports of the State Comptroller for the past three fiscal years of the District are as follows:

Fiscal Year Ending In	Stress Designation	Fiscal Score
2021	No Designation	13.3
2020	No Designation	6.7
2019	No Designation	6.7

Source: Website of the Office of the New York State Comptroller.

Note: Reference to website implies no warranty of accuracy of information therein, and the website is not incorporated herein by reference.

TAX INFORMATION

Taxable Assessed Valuations

Fiscal Year Ending June 30:	2018	2019	2020	2021	2022
Towns of:					
Busti	$ 28,115,677	$ 27,357,850	$ 27,333,248	$ 27,324,251	$ 27,504,120
Harmony	86,388,109	95,214,382	97,347,743	97,250,207	98,162,301
North Harmony	71,308,150	71,882,464	71,546,199	71,641,615	72,382,482
Sherman	1,683,212	1,682,632	1,697,868	1,745,427	1,742,900
Total Assessed Value	$ 187,495,148	$ 196,137,328	$ 197,925,058	$ 197,961,500	$ 199,791,803
State Equalization Rates					
Towns of:					
Busti	100.00%	100.00%	98.60%	96.20%	93.20%
Harmony	95.00%	100.00%	100.00%	96.40%	95.20%
North Harmony	99.50%	98.80%	93.75%	89.80%	86.50%
Sherman	100.00%	100.00%	100.00%	100.00%	99.00%
Total Taxable Full Valuation	$ 192,400,223	$ 197,010,394	$ 203,082,903	$ 210,810,053	$ 218,062,194

Tax Rate Per $1,000 (Assessed)

Fiscal Year Ending June 30:	2018	2019	2020	2021	2022
Towns of:					
Busti	$ 18.01	$ 17.59	$ 17.30	$ 17.09	$ 17.05
Harmony	18.96	17.59	17.06	17.05	16.69
North Harmony	18.10	17.80	18.20	18.30	18.37
Sherman	18.01	17.59	17.06	16.44	16.05

Tax Levy and Tax Collection Record

Fiscal Year Ending June 30:	2018	2019	2020	2021	2022
Total Tax Levy	$ 3,464,980	$ 3,464,980	$ 3,464,980	$ 3,464,980	$ 3,464,980
Amount Uncollected (1)	257,744	258,103	251,252	247,005	239,555
% Uncollected	7.44%	7.45%	7.25%	7.13%	6.91%

(1) See "Tax Collection Procedure" herein.

Tax Collection Procedure

District taxes are payable to the School Tax Collector from September 3 to October 4 without penalty. Payments received from October 5 through November 1 carry a penalty of 2%. Unpaid taxes are returned to the County Treasurer after November 2, to whom payments may be made until November 20. Taxes which remain unpaid after that date are added to the following year's town/county tax bills with an additional 7% penalty.

The County reimburses the District for all unpaid taxes in April of the year following the year of levy, thus the District is assured of 100% collection of its annual levy.

Real Property Tax Revenues

The following table illustrates the percentage of total revenues of the District for the below fiscal years comprised of Real Property Taxes.

Fiscal Year	Total Revenues	Total Property Tax Levy	Percentage of Total Revenues Consisting of Real Property Tax
2016-2017	$ 13,390,800	$ 2,721,830	20.33%
2017-2018	13,568,069	2,770,469	20.42
2018-2019	12,594,815	2,812,726	22.33
2019-2020	11,887,243	2,853,628	24.01
2020-2021	11,592,726	2,877,273	24.82
2021-2022 (Budgeted)	12,933,775	2,892,279	22.36
2021-2022 (Unaudited)	12,179,315	2,920,496	23.98
2022-2023 (Budgeted)	13,522,638	3,464,980	25.62

Source: Audited Financial Statements for the 2016-2017 through 2020-2021 fiscal years, unaudited estimates for the 2021-2022 fiscal year, and adopted budgets of the District for the 2021-2022 and 2022-2023 fiscal years. This table is not audited.

Note: The unaudited estimate figures for the 2021-2022 fiscal year are based upon certain current assumptions and estimates, and the audited results may vary therefrom.

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Larger Taxpayers 2021 for 2021-2022 Tax Roll

Name	Type	Assessed Valuation
Cummins Engine	Manufacturer	$10,310,000
National Grid	Utility	4,241,248
Chautauqua Chemicals	Business	1,404,500
SS Realty, LP	Retail Chain Store (Dollar General)	1,250,000
Vittoria Dairy, Inc.	Business	1,058,000
State of New York	Forest Land	1,019,600
Jonathan R. O'Dell	Dairy Farm	840,000
Brian J. Stulak	Private	750,000
Jack Cornachio	Private	691,700
National Fuel	Utility	638,224

The larger taxpayers listed above have a total taxable assessed valuation of $22,203,272, which represents 11.11% of the tax base of the District for the 2021-22 fiscal year.

As of the date of this Official Statement, the District does not have pending or outstanding tax certiorari claims that are known or believed could have a material impact on the finances of the District.

Source: District Tax Rolls.

STAR – School Tax Exemption

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. School districts are reimbursed by the State for real property taxes exempted pursuant to the STAR Program.

STAR – School Tax Exemption. The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities ("STAR Adjusted Gross Income") of $88,050 or less in 2020-21 and $90,550 or less in 2021-22, increased annually according to a cost of living adjustment, are eligible for a "full value" exemption of the first $68,700 for the 2020-21 school year and $70,700 for the 2021-22 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of $250,000 ($500,000 in the case of a STAR credit, as discussed below) are eligible for a $30,000 "full value" exemption on their primary residence.

Part A of Chapter 60 of the Laws of 2016 of the State of New York ("Chapter 60") gradually converts the STAR program from a real property tax exemption to a personal income tax credit. Chapter 60 prohibits new STAR exemptions from being granted unless at least one of the applicants held title to the property on the taxable status date of the assessment roll that was used to levy school district taxes for the 2015-2016 school year (generally, March 1, 2015), and the property was granted a STAR exemption on that assessment roll. A new homeowner may receive a new personal income tax credit in the form of a check. A taxpayer who is eligible for the new credit will receive a check from the State equal to the amount by which the STAR exemption would have reduced his or her school tax bill. A homeowner who owned his or her home on the taxable status date for the assessment roll used to levy taxes for the 2015-2016 school year, and who received a STAR exemption on that roll, may continue to receive a STAR exemption on that home as long as he or she still owns and primarily resides in it. No further action is required (unless the homeowner has been receiving Basic STAR and wants to apply for Enhanced STAR, which is permissible).

The 2020-21 State Budget withheld STAR benefits to taxpayers who are delinquent in the payment of their school taxes and lowers the income limit for the exemption to $200,000, compared with a $500,000 limit for the credit.

The below table lists the basic and enhanced exemption amounts for the District tax roll for the municipalities applicable to the District:

Towns of:	Enhanced Exemption	Basic Exemption	Date Certified
Busti	$69,810	$ 27,960	4/9/2021
Harmony	71,300	28,560	4/9/2021
North Harmony	64,790	25,950	4/9/2021
Sherman	74,150	29,700	4/9/2021

$587,707 of the District's $3,464,980 school tax levy for the 2020-21 fiscal year was exempted by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January 2021.

$544,484 of the District's $3,464,980 school tax levy for the 2021-2022 fiscal year was exempted by the STAR Program. The District received full reimbursement of such exempt taxes from the State by January 2022.

Additional Tax Information

Real property located in the District is assessed by the Towns.

Senior citizens' exemptions are offered to those who qualify.

Total assessed valuation of the District is estimated to be categorized as follows: residential-60%; commercial-20%; and agricultural-20%.

The estimated total annual property tax bill of an $83,000 market value residential property located in the District is approximately $2,580 including County, Town, School District and Fire District taxes.

TAX LEVY LIMITATION LAW

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the former Governor Cuomo ("Chapter 97" or the "Tax Levy Limitation Law"). The Tax Levy Limitation Law applies to all local governments, including school districts (with the exception of New York City, and the counties comprising New York City and school districts in New York City, Buffalo, Rochester, Syracuse, and Yonkers.)

On June 25, 2015, Chapter 20 of the 2015 Laws of New York ("Chapter 20") amended the Tax Levy Limitation Law to extend its expiration from June 15, 2016 to June 15, 2020. Recent legislation has made it permanent. Chapter 20 also affects the calculation of the tax base growth factor, as outlined below.

Prior to the enactment of the Tax Levy Limitation Law, there was no statutory limitation on the amount of real property taxes that a school district could levy as part of its budget if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, the school district was required to adopt a contingency budget. Under a contingency budget, school budget increases were limited to the lesser of four percent (4%) of the prior year's budget or one hundred twenty percent (120%) of the consumer price index ("CPI").

Chapter 97 requires that a school district submit its proposed tax levy to the voters each year beginning with the 2012-2013 fiscal year.

Chapter 97 restricts, among other things, the amount of real property taxes that may be levied by or on behalf of a school district in a particular year. Pursuant to the Tax Levy Limitation Law, the tax levy of a school district cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the CPI, over the amount of the prior year's tax levy. Certain adjustments are permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. Chapter 20 additionally allows the State Commissioner of Taxation and Finance to adjust for changes in the real property base to reflect development on tax-exempt real property, although no such regulations have been promulgated as of the date of this Official Statement. A school district can exceed the tax levy limitation for the coming fiscal year only if the voters of such school district first approve a tax levy by at least 60% affirmative vote of those voting to override such limitation for such coming fiscal year only. Tax levies that do not exceed the limitation will only require approval by at least 50% of those voting. In the event that the voters reject a tax levy and the district does not go out for a second vote, or if a second vote is likewise defeated, Chapter 97 provides that the tax levy for the new fiscal year may not exceed the tax levy for the prior fiscal year.

A school district's calculation of each fiscal year's tax levy limit is subject to review by the Commissioner of Education and the Commissioner of Taxation and Finance prior to adoption of each fiscal year budget.

There are exceptions for school districts to the tax levy limitation provided in Chapter 97, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System and the Teachers' Retirement System. School districts are also permitted to carry forward a certain portion of their unused levy limitation from a prior year.

There is also an exception for school districts for "Capital Local Expenditures" subject to voter approval where required by law. This term is defined in a manner that does not include certain items for which a school district may issue debt, including the payment of judgments or settled claims, including tax certiorari payments, and cashflow borrowings, including tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes. "Capital Local Expenditures", are defined as "the taxes associated with budgeted expenditures resulting from the financing, refinancing, acquisition, design, construction, reconstruction, rehabilitation, improvement, furnishing and equipping of or otherwise providing for school district capital facilities or school district capital equipment, including debt service and lease expenditures, and transportation capital debt service, subject to the approval of the qualified voters where required by law". The portion of the tax levy necessary to support "Capital Local Expenditures" is defined as the "Capital Tax Levy", and is an exclusion from the tax levy limitation. The State Commissioner of Taxation and Finance has promulgated a regulation that allows school districts, beginning in the 2020-2021 school year, to adjust the exclusion to reflect a school District's share of capital expenditures related to projects funded through a board of cooperative educational services ("BOCES").

See "THE SCHOOL DISTRICT – Budgetary Procedures" herein for additional information regarding the District's Tax Levy.

STATUS OF INDEBTEDNESS

Constitutional Requirements

The New York State Constitution limits the power of the District (and other municipalities and certain school districts of the State) to issue obligations and to contract indebtedness. Such constitutional limitations in summary form and as generally applicable to the District include the following:

Purpose and Pledge. The District shall not give or loan any money or property to or in aid of any individual or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The District may contract indebtedness only for a District purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute; unless substantially level or declining debt service is utilized, no installment may be more than fifty percent in excess of the smallest prior installment. The District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its notes.

Statutory Procedure

In general, the State Legislature has, by the enactment of the Local Finance Law, authorized the powers and procedure for the District to borrow and incur indebtedness subject, of course, to the constitutional provisions set forth above. The power to spend money, however, generally derives from other law, including the Education Law.

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board may adopt a bond resolution authorizing the issuance of bonds, and notes in anticipation of the bonds. No down payment is required in connection with the issuance of District obligations.

Debt Limit. The District has the power to contract indebtedness for any District purpose authorized by the Legislature of the State of New York provided the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the District and subject to certain enumerated deductions such as State aid for building purposes. The statutory method for determining full valuation is by taking assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Office of Real Property Services. The Legislature prescribes the manner by which such ratio shall be determined.

The Local Finance Law also provides that where a bond resolution is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

1. (a) Such obligations were authorized for an object or purpose for which the District is not authorized to expend money, or

   (b) The provisions of the law which should be complied with as of the date of publication of the notice were not substantially complied with, and an action, suit or proceeding contesting such validity is commenced within 20 days after the date of such publication of the notice; or

2. Such obligations are authorized in violation of the provisions of the Constitution of New York.

The District customarily complies with this procedure, and it has done so with respect to the bond resolution under which the Notes are being issued. The Board, as the finance board of the District, has the power to enact bond resolutions. In addition, such finance board has the power to authorize the sale and issuance of obligations. However, such finance board may delegate the power to sell the obligations to the President of the Board, the chief fiscal officer of the District, pursuant to the Local Finance Law.

The District is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness; however, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted.

Debt Outstanding End of Fiscal Year

Fiscal Years Ending June 30th:	2017	2018	2019	2020	2021
Bonds	$ 7,855,000	$ 8,265,000	$ 6,100,000	$2,760,000	$ 2,060,000
Bond Anticipation Notes	0	0	0	0	800,000
Total Debt Outstanding	$ 7,855,000	$ 8,265,000	$ 6,100,000	$ 2,760,000	$ 2,860,000

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District as of June 24, 2022:

Type of Indebtedness	Maturity		Amount
Bonds	2023-2025		$ 1,580,000
Bond Anticipation Notes			
Capital Project	July 14, 2022		4,660,584 (1)
		Total Indebtedness	$ 6,240,584

(1) To be partially redeemed and renewed with the proceeds of the Notes and available funds of the District.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of June 24, 2022 (and in anticipation of the issuance of the Notes):

Full Valuation of Taxable Real Property			$ 218,062,194
Debt Limit 10% thereof			21,806,219
Inclusions:			
Bonds	$ 1,580,000		
Bond Anticipation Notes	0		
Principal of this Issue	4,650,000		
Total Inclusions		$ 6,230,000	
Exclusions:			
Building Aid (1)	$ 0		
Total Exclusions		$ 0	
Total Net Indebtedness			$ 6,230,000
Net Debt-Contracting Margin			$ 15,576,219
The percent of debt contracting power exhausted is			28.57%

(1) Pursuant to the Provisions of Chapter 760 of the Laws of New York State of 1963, the School District receives aid on existing bonded debt. Since the gross indebtedness of the School District is within the debt limit, the School District is not required to apply for a Building Aid Estimate. Over the years the building aid ratio has been adjusted based on State legislative changes with an effective date tied to voter authorization dates. Based on preliminary 2022-23 Preliminary Building Aid Ratios, the School District anticipates State building aid of 87.0% for debt service on SED approved expenditures from July 1, 2004 to the present. The School District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the School District will receive in relation to its capital project indebtedness.

Note: The State Constitution does not provide for the inclusion of tax anticipation or revenue anticipation notes in the computation of the net indebtedness of the District.

Bonded Debt Service

A schedule of bonded debt service may be found in "APPENDIX – B" to this Official Statement.

Capital Project Plans

On January 21, 2020, the qualified voters of the District approved a proposition authorizing the issuance of serial bonds in an aggregate principal amount not to exceed $4,666,067 to finance the reconstruction and renovation of, and the construction of improvements and upgrades to the District's universal Pre-K-12 main school building and sewer plant (and the sites thereof) at an estimated maximum cost of $5,000,000. The District currently has $4,660,584 bond anticipation notes outstanding and maturing on July 14, 2022 for this purpose. The proceeds of the Notes, along with available funds of the District, will partially redeem and renew the outstanding bond anticipation notes at maturity.

The District has no other authorized and unissued indebtedness for capital or other purposes.

Cash Flow Borrowings

The District historically does not issue either tax anticipation notes or revenue anticipation notes, and does not reasonably expect to issue such notes in the foreseeable future.

Estimated Overlapping Indebtedness

In addition to the District, the following political subdivisions have the power to issue obligations and to levy taxes or cause taxes to be levied on taxable real property in the District. Estimated bonds and bond anticipation notes are listed of the respective fiscal years of the below municipalities as follows:

Municipality	Status of Debt as of	Gross Indebtedness [1]	Exclusions [2]	Net Indebtedness	District Share	Applicable Indebtedness
County of:						
Chautauqua	12/31/2020	$ 66,257,400	$ -	$ 66,257,400	2.57%	$ 1,702,815
Town of:						
Busti	12/31/2020	832,563	832,563	-	5.20%	-
Harmony	12/31/2020	200,000	-	200,000	97.18%	194,360
North Harmony	12/31/2020	691,968	-	691,968	26.24%	181,572
Sherman	12/31/2020	30,302	30,302	-	2.37%	-
Village of:						
Panama	5/31/2021	-	-	-	100.00%	-
					Total:	$ 2,078,748

(1) Bonds and bond anticipation notes are as of the close of the respective fiscal years, and are not adjusted to include subsequent bond or note sales, if any.
(2) Water and sewer debt and appropriations. Pursuant to the Local Finance Law, this indebtedness is excluded from the constitutional debt limit.

Source: Comptroller's Special Report on Municipal Affairs for Local Finance Years Ended in 2020 and 2021.

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Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of June 24, 2022:

	Amount	Per Capita [(a)]	Percentage of Full Value [(b)]
Net Indebtedness [(c)]	$ 6,230,000	$ 1,795.91	2.86%
Net Indebtedness Plus Net Overlapping Indebtedness [(d)]	8,308,748	2,395.14	3.81

(a) The 2020 estimated population of the District is 3,469. (See “THE SCHOOL DISTRICT – Population” herein.)
(b) The District's full value of taxable real estate for 2021-2022 is $218,062,194. (See “TAX INFORMATION – Taxable Assessed Valuations” herein.)
(c) See "STATUS OF INDEBTEDNESS – Debt Statement Summary" herein.
(d) Estimated net overlapping indebtedness is $2,078,748. (See "Estimated Overlapping Indebtedness" herein.)

Note: The above ratios do not take into account State building aid the District will receive for past and current construction building projects.

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

In the event of a default in the payment of the principal of and/or interest on the Notes, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, State aid and assistance to the District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Notes.

Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the District upon any judgment or accrued claim against it shall not exceed nine per centum per annum. This provision might be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of or interest on the Notes.

In accordance with the general rule with respect to municipalities, judgments against the District may not be enforced by levy and execution against property owned by the District.

The Federal Bankruptcy Code allows public bodies recourse to the protection of a federal court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State to file a petition under any provision of federal bankruptcy law for the composition or adjustment of municipal indebtedness. While these provisions do not apply to school districts, there can be no assurance that they will not be made so applicable in the future.

At the Extraordinary Session of the State Legislature held in November, 1975, legislation was enacted which purported to suspend the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of such obligations.

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the District.

The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

COVID-19

The outbreak of COVID-19, a serious respiratory disease caused by a novel strain of coronavirus, was declared a pandemic by the World Health Organization on March 11, 2020.

Economic Impacts

The outbreak of COVID-19 has drastically affected travel, commerce and financial markets globally. While several vaccines have been developed and are now being deployed world-wide, the full impact of the pandemic is difficult to predict due to uncertainties regarding its duration and severity.

Uncertainty regarding the short, medium and long-term effects of the COVID-19 pandemic initially caused extreme volatility across all financial markets, including the primary and secondary markets for municipal bonds. In the United States, Congress and the Federal Reserve took significant steps to backstop those markets and to provide much-needed liquidity, and markets have since generally stabilized. Still, given these conditions, it is possible that the process of trading the Notes in the secondary market could be affected in ways that are difficult to predict.

Federal Response

The federal government has passed several pieces of legislation in response to the COVID-19 pandemic including the $2.3 trillion Coronavirus Aid, Relief, and Economic Security ("CARES") Act of 2020 and the $1.9 trillion American Rescue Plan Act ("ARP") of 2021, both of which provide funding for pandemic-related expenses and attempt to address financial stability and liquidity issues through a variety of stimulus measures.

Stimulus Efforts for State and Local Governments: The CARES Act included a $150 billion Coronavirus Relief Fund, which provided funds to states, tribal governments and local governments with populations exceeding 500,000 (local governments with smaller populations could receive monies from the amount allocated to their state). This money was intended for programs that were necessary expenditures incurred due to the public health emergency resulting from the pandemic. This money was not intended to be used to directly account for revenue shortfalls due to the COVID-19 pandemic, but it could indirectly assist with revenue shortfalls in cases where the expenses that were covered by this fund would otherwise create a further budget shortfall.

The CARES Act also included an Education Stabilization Fund, which provided $30.75 billion for K-12 and higher education systems. There were three main forms of relief: $13.2 billion for K-12 schools that was administered on a state-by-state basis, $14 billion for public and private colleges and universities, and $3 billion in emergency relief that governors could distribute to schools, colleges and universities that were particularly affected by COVID-19 and the ensuing crisis.

The ARP Act includes an additional $350 billion for states, tribal governments and local governments. Notably, in addition to the uses allowed under the CARES Act, ARP funds can be used to replace revenues lost due to COVID-19 and to make necessary investments in water, sewer or broadband infrastructure. These broader categories allow such governments much more flexibility in utilizing such funds.

The ARP Act also includes a total of $170.3 billion in funding for education, including more than $122.8 billion for the Elementary and Secondary School Emergency Relief Fund ("ESSER"). The largest portion of such ESSER funds will be distributed to school districts based on their relative share of Title I funding, but additional moneys are also allocated to help schools address learning time lost by students, after-school and summer enrichment programs, and administration costs.]]

Municipal Liquidity Facility: The Federal Reserve established a "Municipal Liquidity Facility" ("MLF") in 2020 that offered up to $500 billion in direct federal lending to certain larger issuers, which were in turn able to use their own loan proceeds to make loans to included smaller governmental units that would not otherwise qualify for this program. The MLF expired on December 31, 2020. Most municipal issuers did not have to resort to the MLF because rates have been conducive to issuing debt through the conventional municipal bond market; however, it is notable that the MLF existed as a market backstop if needed.

State Response

Executive Orders: Pursuant to emergency powers granted by the State Legislature, former Governor Cuomo and current Governor Hochul have released a number of executive orders in response to the COVID-19 pandemic.

Pursuant to State Executive Order 202.4, every school in the State was directed to close no later than March 18, 2020. While schools were originally ordered closed until April 1, the time period was later extended to May 15, and then through the end of the school year. School districts must normally maintain 180-day in-class attendance for State aid; however, this requirement was waived to the extent attributable to COVID-19 related closures during the 2019-20 school year. Additionally, pursuant to State Executive Orders Nos. 202.13 and 202.26, the school district elections and budget votes that normally would have been held in-person on May 19, 2020 were postponed and conducted by absentee ballot, with such ballots being counted on June 16, 2020.

While initially "non-essential" employees were mandated to work from home, starting on May 15, 2020, regions of the State that met certain criteria were allowed to begin reopening.

As COVID-19 cases began to rise again in the fall of 2020, the State shifted to a strategy based on identifying areas with higher positivity rates and implementing successively higher restrictions in such areas. When COVID-19 cases dropped again, affected areas could be removed from the list. As of March 22, 2021, all remaining location-based restrictions were lifted.

Due to the spread of Delta and Omicron variants in the fall and winter of 2021, the State implemented a mask mandate; however, as of February 9, 2022 such State-wide mandate has been lifted.

Since increased supplies of COVID-19 vaccine have become available, the State has encouraged residents to get vaccinated and, currently, all New Yorkers five years of age or older are eligible to receive a vaccine.

Up-to-date information on the State's COVID-19 response can be found at https://forward.ny.gov. Reference to website implies no warranty of accuracy of information therein.

State Budget: The City of New York was an early epicenter of the COVID-19 pandemic in the United States, and as a result the State suffered significant revenue shortfalls and unanticipated expenses beginning at the end of the State's 2019-2020 fiscal year, and continuing during the State's 2020-2021 fiscal year.

In response, the enacted State budget for the 2020-21 fiscal year allowed the State to reduce expenditures (including aid to local school districts and municipalities) if tax receipts were lower than anticipated. Accordingly, in June, 2020 the State Division of the Budget ("DOB") began withholding 20 percent of most local aid payments, although such aid has generally since been restored.

Many of the State's 2020-2021 budget decisions were based on the uncertainty of future federal aid. In the period of time since such decisions were made, the $1.9 trillion American Rescue Plan Act was signed into law (on March 11, 2021), which legislation includes almost $24 billion in funding for various levels of government in the State, including approximately $12.5 billion for the State, $6 billion for New York City, and $4 billion to be divided among counties in the State; another $12 billion is intended to be used toward the safe reopening of K-12 schools as well as colleges and universities.

Accordingly, the State enacted budget for the 2021-2022 fiscal year is more expansive (about 10% higher) than the prior budget, including significantly increased funding for schools and local governments. School districts will benefit from a $1.4 billion increase in Foundation Aid and a three-year Foundation Aid full restoration phase-in that will allow all school districts to receive the increased level of Foundation Aid that was originally promised in 2007, along with a $105 million expansion of full-day prekindergarten. Local governments will receive a full restoration of proposed cuts to Aid and Incentives for Municipalities (AIM) funding. Further, municipalities that host Video Lottery Terminal (VLT) facilities will receive a full restoration of $10.3 million in proposed VLT aid cuts. The State's 2022-23 Enacted Budget provides $31.5 billion in State funding to school districts for the 2022- 23 school year, the highest level of State aid ever. This represents an increase of $2.1 billion or 7.2 percent compared to the 2021-22 school year, and includes a $1.5 billion or 7.7 percent Foundation Aid increase. The State's 2022-23 Enacted Budget also programs $14 billion of federal Elementary and Secondary School Emergency Relief and Governor's Emergency Education Relief funds to public schools. This funding, available for use over multiple years, is designed to assist public schools to reopen for in-person instruction, address learning loss, and respond to students' academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. The State's 2022-23 Enacted Budget allocates $100 million over two years for a new State matching fund for school districts with the highest needs to support efforts to address student well-being and learning loss. In addition, the State's 2022-23 Enacted Budget increases federal funds by $125 million to expand access to full- day prekindergarten programs for four-year-old children in school districts statewide in the 2022-23 school year.

Although the 2021-2022 and 2022-2023 State budgets contained additional aid for school districts and municipalities, it is uncertain whether the State will have future budget shortfalls necessitating cuts to State aid. Reductions in the payment of State aid could adversely affect the financial condition of school districts in the State, including the District.

Legislation Allowing Financial Flexibility for Municipalities and School Districts: On August 24, 2020, former Governor Cuomo signed legislation allowing municipalities and school districts additional financial flexibility in response to the COVID-19 pandemic. Whereas municipalities and school districts in the State typically may only pursue short-term financing for five years, under certain circumstances the new legislation allows note financing for up to an additional two years prior to converting to long-term bonds.

The new legislation also allows municipalities and school districts additional flexibility related to the use of reserve funds or inter-fund transfers for costs associated with COVID-19. The typical mandatory or permissive referendum requirements for the expenditure of funds from a capital reserve fund have been waived for capital costs attributable to the COVID-19 pandemic. Moneys from a capital reserve fund can also be temporarily advanced for operating costs or other costs attributable to the COVID-19 pandemic, so long as such moneys are repaid within five fiscal years, with interest. Additionally, while inter-fund transfers must typically be repaid by the end of the fiscal year in which the transfer is made, inter-fund advances for costs attributable to the COVID-19 pandemic do not need to be repaid until the close of the following fiscal year.

Local Impacts

The State Executive Law Section 24 contains procedures for local governments to declare local states of emergency and issue orders to implement the same. Specifically, in the event of a qualifying disaster or reasonable apprehension of immediate danger to the public safety, the municipal chief executive has the authority to declare a local state of emergency for a period of up to 30 days and issue orders to protect life and property or to bring the emergency situation under control.

During the course of the pandemic, the District has seen increased expenditures for personal protective equipment, partitions for all classrooms, cleaning staff and additional technology for students and teachers; much of this spending has been covered by the federal dollars that have made their way to the District under the relief legislation discussed above.

While the impacts of COVID-19 on the global, federal, State and local economy cannot be predicted with any certainty, the pandemic could have a significant adverse effect on the District's finances.

Although the District has not yet experienced any lasting adverse financial effects, it is continuing to monitor this situation and will attempt to mitigate any such adverse effects through program cuts or staffing reductions, as needed.

MARKET AND RISK FACTORS

The financial and economic condition of the District as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the District's control. There can be no assurance that adverse events in the State and in other jurisdictions in the Counties, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Notes. If a significant default or other financial crisis should occur in the affairs of the State or any other jurisdiction or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the District to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The District is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the District, in any year, the District may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the District. In several recent years, the District has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (See also "THE SCHOOL DISTRICT - State Aid").

The enactment of the Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the District, could have an impact upon the market price of the Notes. See "TAX LEVY LIMITATION LAW" herein.

Amendments to the Code could reduce or eliminate the favorable tax treatment granted to municipal debt, including the Notes and other debt issued by the District. (see "TAX EXEMPTION," herein).

Disease outbreaks or similar public health threats could have an adverse impact on the District's financial condition and operating results. The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization on March 11, 2020. See "COVID-19" herein for a further discussion of the impacts of the COVID-19 pandemic, which may have a significant adverse effect on the District's finances.

TAX EXEMPTION

Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, will deliver an opinion that, under existing law, the interest on the Notes is excluded from gross income of the holders thereof for federal income tax purposes and is not an item of tax preference for the purpose of the individual alternative minimum tax imposed by the Internal Revenue Code (the "Code"). However, such opinion will note that the District, by failing to comply with certain restrictions contained in the Code, may cause interest on the Notes to become subject to federal income taxation from the date of issuance of the Notes. Such opinion will state that interest on the Notes is exempt from personal income taxes imposed by New York State or any political subdivision thereof (including The City of New York).

In rendering the foregoing opinion, Hodgson Russ LLP will note that the exclusion of the interest on the Notes from gross income for federal income tax purposes is subject to, among other things, continuing compliance by the District with the applicable requirements of Code Sections 141, 148, and 149, and the regulations promulgated thereunder (collectively, the "Tax Requirements"). In the opinion of Hodgson Russ LLP, the Tax Certificate and Nonarbitrage Certificate that will be executed and delivered by the District in connection with the issuance of the Notes (collectively, the "Certificates") establish requirements and procedures, compliance with which will satisfy the Tax Requirements.

The Tax Requirements referred to above, which must be complied with in order that interest on the Notes remains excluded from gross income for federal income tax purposes, include, but are not limited to:

1. The requirement that the proceeds of the Notes be used in a manner so that the Notes are not obligations which meet the definition of a "private activity bond" within the meaning of Code Section 141;

2. The requirements contained in Code Section 148 relating to arbitrage bonds; and

3. The requirements that payment of principal or interest on the Notes not be directly or indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof) as provided in Code Section 149(b).

In the Certificates, the District will covenant to comply with the Tax Requirements, and to refrain from taking any action which would cause the interest on the Notes to be includable in gross income for federal income tax purposes. Any violation of the Tax Requirements may cause the interest on the Notes to be included in gross income for federal income tax purposes from the date of issuance of the Notes. Hodgson Russ LLP expresses no opinion regarding other federal tax consequences arising with respect to the Notes.

Prospective purchasers of the Notes should be aware that ownership of, accrual or receipt of interest on, or disposition of, the Notes may have collateral federal income tax consequences for certain taxpayers, including financial institutions, property and casualty insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisors as to any possible collateral consequences from their ownership of, or receipt of interest on, or disposition of, the Notes. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

In general, information reporting requirements will apply to non-corporate holders with respect to payments of principal, payments of interest, and the proceeds of the sale of a note before maturity within the United States. Backup withholding may apply to a holder of the Notes under Code Section 3406, if such holder fails to provide the information required on Internal Revenue Service ("IRS") Form W-9, Request for Taxpayer Identification Number and Certification, or the IRS has specifically identified the holder as being subject to backup withholding because of prior underreporting. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States federal income tax provided the required information is furnished to the IRS. Neither the information reporting requirement nor the backup withholding requirement affects the excludability of interest on the Notes from gross income for federal income tax purposes.

Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Notes may affect the tax status of interest on the Notes. The Code has been continuously subject to legislative modifications, amendments, and revisions, and proposals for further changes are regularly submitted by leaders of the legislative and executive branches of the federal government. No representation is made as to the likelihood of such proposals being enacted in their current or similar form, or if enacted, the effective date of any such legislation, and no assurances can be given that such proposals or amendments will not materially and adversely affect the economic value of the Notes or the tax consequences of ownership of the Notes. Prospective purchasers are encouraged to consult with their own legal and tax advisors with respect to these matters.

LEGAL MATTERS

The legality of the authorization and issuance of the Notes will be covered by the legal opinion of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel. Such legal opinion will state that in the opinion of Bond Counsel (i) the Notes have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the District and, unless paid from other sources, are payable as to principal and interest from *ad valorem* taxes levied upon all the taxable real property within the District, without limitation as to rate or amount (subject to certain statutory limitations imposed by the Tax Levy Limitation Law); provided, however, that the enforceability (but not the validity) of the Notes may be limited or otherwise affected by (a) any applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or similar statute, rule, regulation or other law affecting the enforcement of creditors' rights and remedies heretofore or hereafter enacted or (b) by the unavailability of equitable remedies or the application thereto of equitable principles; (ii) assuming that the District complies with certain requirements of the Code, interest on the Notes (a) is excluded from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; and (iii) interest on the Notes is exempt from personal income taxes imposed by the State or any political subdivision thereof, including the City of New York. Bond Counsel will express no opinion regarding other federal income tax consequences arising with respect to the Notes.

Such legal opinion also will state that (i) in rendering the opinions expressed therein, Bond Counsel has assumed, without inquiry or other investigation, the accuracy and truthfulness of all public records, documents and proceedings examined by Bond Counsel which have been executed or certified by public officials acting within the scope of their official capacities, and has not verified the accuracy or truthfulness thereof, and Bond Counsel also has assumed the accuracy of the signatures appearing upon such public records, documents and proceedings and such certifications; (ii) the scope of Bond Counsel's engagement in relation to the issuance of the Notes has extended solely to the examination of the facts and law incident to rendering the opinions expressed therein; (iii) the opinions expressed therein are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the District, together with other legally available sources of revenue, if any, will be sufficient to enable the District to pay the principal of and interest on the Notes as the same respectively become due and payable; (iv) reference should be made to the Official Statement for factual information which, in the judgment of the District, would materially affect the ability of the District to pay such principal and interest; and (v) while Bond Counsel has participated in the preparation of the Official Statement, Bond Counsel has not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, no opinion is expressed by Bond Counsel as to whether the District, in connection with the sale of the Notes, has made any untrue statement of a material fact, or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

LITIGATION

The District is subject to a number of lawsuits in the ordinary conduct of its affairs, including a current claim for a playground injury, and a claim under the Child Victims Act.

The District does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the District.

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the District, threatened against or affecting the District to restrain or enjoin the issuance, sale or delivery of the Notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Notes or any proceedings or authority of the District taken with respect to the authorization, issuance or sale of the Notes or contesting the corporate existence or boundaries of the District.

DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the “Rule”), unless the Notes are purchased for the purchaser’s own account, as principal for investment and not for resale, the District will enter into a Disclosure Undertaking at closing, the form of which is attached hereto as “APPENDIX C.” A purchaser buying for its own account shall deliver a municipal securities disclosure certificate that documents its intent to purchase the Notes as principal for investment and not for resale (in a form satisfactory to Bond Counsel) establishing that an exemption from the Rule applies.

CONTINUING DISCLOSURE COMPLIANCE PROCEDURES

The District has established procedures designed to ensure that its filings of continuing disclosure information will be in compliance with existing continuing disclosure obligations, including transmitting such filings to the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 through the Electronic Municipal Market Access System.

MUNICIPAL ADVISOR

Fiscal Advisors & Marketing, Inc. (the "Municipal Advisor"), is a municipal advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent municipal advisor to the District on matters relating to debt management. The Municipal Advisor is a municipal advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Notes. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the District and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the District or the information set forth in this Official Statement or any other information available to the District with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement. The fees to be paid by the District to the Municipal Advisor are partially contingent on the successful closing of the Notes.

CUSIP IDENTIFICATION NUMBERS

It is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes will be paid for by the District; provided, however, the District assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

RATINGS

The Notes are not rated. Subject to the approval of the District, the purchaser(s) of the Notes may have a rating completed after the sale at the expense of the purchaser(s), including any fees to be incurred by the District, such as a rating action that may result in the filing of a material event notification to EMMA and/or the provision of a supplement to the final Official Statement.

The District does not currently have an underlying rating assigned to the District's outstanding bonds.

Generally, rating agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of the rating of the outstanding bonds may have an adverse effect on the market price of the outstanding bonds.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of the Notes.

Statements in this Official Statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the District management's beliefs as well as assumptions made by, and information currently available to, the District's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the District's files with the repositories. When used in District documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

To the extent any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holder of the Notes.

Hodgson Russ LLP, of Buffalo, New York, Bond Counsel to the District, expresses no opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the District for use in connection with the offer and sale of the Notes, including but not limited to, the financial or statistical information in this Official Statement.

References herein to the Constitution of the State and various State and federal laws are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of such provisions.

Concurrently with the delivery of the Notes, the District will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to a limitation as to information in the Official Statement obtained from sources other than the District.

The Official Statement is submitted only in connection with the sale of the Notes by the District and may not be reproduced or used in whole or in part for any other purpose.

The District hereby disclaims any obligation to update developments of the various risk factors or to announce publicly any revision to any of the forward-looking statements contained herein or to make corrections to reflect future events or developments except to the extent required by Rule 15c2-12 promulgated by the Securities and Exchange Commission.

The District's contact information is as follows: Amanda Kolstee, School Business Official, 41 North Street, Panama, New York 14767 telephone (716) 782-2455, email akolstee@pancent.org.

The District's Bond Counsel contact information is as follows: Jeffrey W. Stone, Esq., Hodgson Russ LLP, 140 Pearl Street, Suite 100, Buffalo, New York 14202-4040, Phone: (716) 848-1327, Fax: (716) 819-4649, Email: jstone@hodgsonruss.com.

Additional copies of the Notice of Sale and the Official Statement may be obtained upon request from the offices of Fiscal Advisors & Marketing, Inc., Phone: (315) 752-0051, or at www.fiscaladvisors.com.

PANAMA CENTRAL SCHOOL DISTRICT

Dated: June 24, 2022

GREGORY HUDSON
PRESIDENT OF THE BOARD OF EDUCATION AND CHIEF FISCAL OFFICER OR SUCH BOARD PRESIDENT'S SUCCESSOR OR DESIGNATED AGENT

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	2017	2018	2019	2020	2021
ASSETS					
Unrestricted Cash	$ 3,619,143	$ 4,001,591	$ 3,747,531	$ 3,294,286	$ 2,814,208
Restricted Cash	748,662	748,662	748,662	418,888	1,127,793
Tax Receivables	-	-	-	-	-
Accounts Receivable	47,142	53,310	-	586	-
Due from Other Funds	351,754	390,851	275,558	228,604	48,593
Prepaid Expenses	-	-	-	-	-
State and Federal Aid Receivable	-	-	-	-	-
Due from Other Governments	480,082	581,291	393,038	504,824	378,689
TOTAL ASSETS	$ 5,246,783	$ 5,775,705	$ 5,164,789	$ 4,447,188	$ 4,369,283
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 30,217	$ 147,622	$ 147,547	$ 154,931	$ 117,992
Accrued Liabilities	-	-	-	17,904	104,201
Revenue Anticipation Notes	-	-	-	-	-
Due to Other Funds	426,127	378,613	297,376	627	70,277
Due to Teachers' Retirement System	540,263	467,852	510,947	432,664	469,722
Due to Employees' Retirement System	34,036	38,007	38,472	41,920	51,509
Deferred Revenues	-	-	-	-	-
Overpayments	-	-	-	-	-
Other Liabilities	-	-	-	-	408,549
TOTAL LIABILITIES	1,030,643	1,032,094	994,342	648,046	1,222,250
FUND EQUITY					
Nonspendable	$ -	$ -	$ -	$ -	$ -
Restricted	748,662	748,662	748,662	418,888	719,244
Assigned	666,139	775,000	589,500	794,000	794,000
Unassigned	2,801,339	3,219,949	2,832,285	2,586,254	1,633,789
TOTAL FUND EQUITY	4,216,140	4,743,611	4,170,447	3,799,142	3,147,033
TOTAL LIABILITIES and FUND EQUITY	$ 5,246,783	$ 5,775,705	$ 5,164,789	$ 4,447,188	$ 4,369,283

Source: Audited financial reports of the District. This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	2016	2017	2018	2019	2020
REVENUES					
Real Property Taxes	$ 2,739,693	$ 2,721,830	$ 2,770,469	$ 2,812,726	$ 2,853,628
Other Tax Items	784,733	746,741	709,536	672,830	631,666
Charges for Services	70,788	87,131	106,288	50,559	38,503
Use of Money & Property	1,241	95	280	7,070	5,192
Sale of Property and Compensation for Loss	7,026	7,331	4,601	12,816	17,012
Refund of prior year expenditures	77,890	135,737	98,461	91,730	50,408
Miscellaneous	187,620	219,758	125,537	12,862	31,579
Revenues from State Sources	8,633,074	9,464,935	9,731,079	8,920,506	8,250,552
Revenues from Federal Sources	18,095	7,242	21,818	13,716	8,703
Total Revenues	$ 12,520,160	$ 13,390,800	$ 13,568,069	$ 12,594,815	$ 11,887,243
Other Sources:					
Interfund Transfers	-	-	70,000	-	-
Total Revenues and Other Sources	12,520,160	13,390,800	13,638,069	12,594,815	11,887,243
EXPENDITURES					
General Support	$ 1,288,170	$ 1,474,088	$ 1,612,120	$ 1,758,535	$ 1,456,411
Instruction	5,849,390	6,080,522	6,133,548	6,058,672	6,176,606
Pupil Transportation	418,724	652,299	654,848	616,230	577,830
Community Services	19,066	20,712	17,817	17,077	11,186
Employee Benefits	2,497,486	2,506,941	2,629,831	2,751,879	2,695,885
Debt Service	1,995,714	1,997,772	2,056,103	1,959,141	995,558
Total Expenditures	$ 12,068,550	$ 12,732,334	$ 13,104,267	$ 13,161,534	$ 11,913,476
Other Uses:					
Proceeds from issuance of long term debt	-	-	-	-	-
Interfund Transfers	133,869	7,033	6,331	6,445	345,072
Total Expenditures and Other Uses	12,202,419	12,739,367	13,110,598	13,167,979	12,258,548
Excess (Deficit) Revenues Over Expenditures	317,741	651,433	527,471	(573,164)	(371,305)
FUND BALANCE					
Fund Balance - Beginning of Year	3,246,965	3,564,707	4,216,140	4,743,611	4,170,447
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ 3,564,706	$ 4,216,140	$ 4,743,611	$ 4,170,447	$ 3,799,142

Source: Audited financial reports of the District. This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Fiscal Years Ending June 30:	2021 Original Budget	2021 Revised Budget	2021 Actual	2022 Adopted Budget	2023 Adopted Budget
REVENUES					
Real Property Taxes	$ 3,464,980	$ 2,877,273	$ 2,877,273	$ 3,464,980	$ 3,464,980
Other Tax Items	26,958	614,665	615,359	27,458	33,176
Charges for Services	35,000	35,000	2,795	5,972	5,476
Use of Money & Property	500	500	1,044	1,000	1,000
Sale of Property and Compensation for Loss	2,500	2,500	13,381	6,000	5,000
Refund of Prior Year Expenditures	60,000	60,000	67,778	45,000	-
Miscellaneous	13,500	13,500	46,077	23,000	70,160
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	8,498,958	8,498,958	7,777,710	8,653,865	9,171,846
Revenues from Federal Sources	8,000	166,782	191,309	12,500	18,000
Total Revenues	$ 12,110,396	$ 12,269,178	$ 11,592,726	$ 12,239,775	$ 12,769,638
Other Sources:					
Interfund Transfer	-	-	-	-	-
Prior Year Surplus	794,000	794,000	-	-	-
Total Revenues and Other Sources	12,904,396	13,063,178	11,592,726	12,239,775	12,769,638
EXPENDITURES					
General Support	$ 1,600,879	$ 1,675,866	$ 1,511,838	$ 1,644,205	$ 1,762,137
Instruction	6,691,261	6,776,539	6,290,100	6,798,438	6,951,665
Pupil Transportation	669,130	667,647	542,984	576,788	680,749
Community Services	18,350	18,350	9,222	18,350	18,350
Employee Benefits	2,989,909	2,989,909	2,781,451	3,050,072	3,020,225
Debt Service	934,867	934,867	934,866	845,922	1,089,512
Total Expenditures	$ 12,904,396	$ 13,063,178	$ 12,070,461	$ 12,933,775	$ 13,522,638
Other Uses:					
Proceeds from issuance of long term debt	-	-	-	-	-
Interfund Transfers	-	-	174,374	-	-
Total Expenditures and Other Uses	12,904,396	13,063,178	12,244,835	12,933,775	13,522,638
Excess (Deficit) Revenues Over Expenditures	-	-	(652,109)	(694,000)	(753,000)
FUND BALANCE					
Fund Balance - Beginning of Year	-	-	3,799,142	694,000	753,000
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ 3,147,033	$ -	$ -

Source: Audited financial report and budgets of the District. This Appendix is not itself audited.

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2022	$ 480,000	$ 98,750.00	$ 578,750.00
2023	500,000	78,000.00	578,000.00
2024	525,000	53,850.00	578,850.00
2025	555,000	27,750.00	582,750.00
TOTALS	$ 2,060,000	$ 258,350.00	$ 2,318,350.00

APPENDIX - B1
Panama CSD

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2017G Refunding of 2010A		
	Principal	Interest	Total
2022	$ 480,000	$ 98,750.00	$ 578,750.00
2023	500,000	78,000.00	578,000.00
2024	525,000	53,850.00	578,850.00
2025	555,000	27,750.00	582,750.00
TOTALS	$ 2,060,000	$ 258,350.00	$ 2,318,350.00

DISCLOSURE UNDERTAKING

This undertaking to provide notice of certain designated events (the "Disclosure Undertaking") is executed and delivered by the Panama Central School District, Chautauqua County, New York (the "Issuer") in connection with the issuance of its $4,650,000 Bond Anticipation Note(s), 2022 (such Note(s) including any interests therein, being collectively referred to herein as the "Security"). The Security has a stated maturity of 18 months or less. The Issuer hereby covenants and agrees as follows:

Section 1. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes (for the benefit of Security Holders) to provide (or cause to be provided either directly or through a dissemination agent) to EMMA (or any successor thereto) in an electronic format (as prescribed by the MSRB) in a timely manner (not in excess of ten business days after the occurrence of any such event) notice of any of the following events with respect to the Security:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701–TEB) or other material notices or determinations with respect to the tax status of the Security, or other material events affecting the tax status of the Security;

(7) Modifications to rights of Security Holders, if material;

(8) Bond or note calls, if material, and tender offers;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the Security, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the obligated person;

Note to paragraph (12): For the purposes of the event identified in paragraph (12) of this section, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect Security Holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) The Issuer may choose to disseminate other information in addition to the information required as part of this Disclosure Undertaking. Such other information may be disseminated in any manner chosen by the Issuer. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated pursuant to this Disclosure Undertaking.

(c) The Issuer may choose to provide notice of the occurrence of certain other events, in addition to those listed in Section 1(a) above, if the Issuer determines that any such other event is material with respect to the Security; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

Section 2. Definitions.

"EMMA" means Electronic Municipal Market Access System implemented by the MSRB.

"Financial Obligation" means a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

"MSRB" means the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Undertaking.

"Purchaser" means the financial institution referred to in a certain Certificate of Determination that is being delivered by the Issuer in connection with the issuance of the Security.

"Rule 15c2-12" means Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended through the date of this Disclosure Undertaking, including any official interpretations thereof.

"Security Holder" means any registered owner of the Security and any beneficial owner of the Security within the meaning of Rule 13d-3 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

Section 3. Remedies. If the Issuer fails to comply with any provision of this Disclosure Undertaking, then any Security Holder may enforce, for the equal benefit and protection of all Security Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Disclosure Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Disclosure Undertaking; provided that the sole and exclusive remedy for breach of this Disclosure Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Disclosure Undertaking shall not constitute an event of default on the Security.

Section 4. Parties in Interest. This Disclosure Undertaking is executed to assist the Purchaser to comply with paragraph (b)(5) of Rule 15c2-12 and is delivered for the benefit of the Security Holders. No other person has any right to enforce the provisions hereof or any other rights hereunder.

Section 5. Amendments. Without the consent of any Security Holders, at any time while this Disclosure Undertaking is outstanding, the Issuer may enter into any amendments or changes to this Disclosure Undertaking for any of the following purposes:

(a) to comply with or conform to any changes to Rule 15c2-12 (whether required or optional);

(b) to add a dissemination agent for the information required to be provided as part of this Disclosure Undertaking and to make any necessary or desirable provisions with respect thereto;

(c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;

(d) to add to the duties of the Issuer for the benefit of the Security Holders, or to surrender any right or power herein conferred upon the Issuer;

(e) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Disclosure Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 5 shall adversely affect the interests of the Security Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 6. Termination. (a) This Disclosure Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Security shall have been paid in full or the Security shall have otherwise been paid or legally defeased in accordance with their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to EMMA. Such notice shall state whether the Security has been defeased to maturity or to redemption and the timing of such maturity or redemption.

(b) In addition, this Disclosure Undertaking, or any provision hereof, shall be null and void in the event that those portions of Rule 15c2-12 which require this Disclosure Undertaking, or such provision, as the case may be, do not or no longer apply to the Security, whether because such portions of Rule 15c2-12 are invalid, have been repealed, or otherwise.

Section 7. Undertaking to Constitute Written Agreement or Contract. This Disclosure Undertaking shall constitute the written agreement or contract for the benefit of Security Holders, as contemplated under Rule 15c2-12.

Section 8. Governing Law. This Disclosure Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, I have hereunto set my signature and affixed the seal of the Issuer to this Disclosure Undertaking as of [July 13, 2022].

PANAMA CENTRAL SCHOOL DISTRICT
CHAUTAUQUA COUNTY, NEW YORK

By: SPECIMEN
President of the Board of Education

(SEAL)

ATTEST:

SPECIMEN
District Clerk

PANAMA CENTRAL SCHOOL DISTRICT
CHAUTAUQUA COUNTY, NEW YORK

AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED

JUNE 30, 2021

The Audited Financial Statements, including opinion, were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement.

PANAMA CENTRAL SCHOOL DISTRICT
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PANAMA CENTRAL SCHOOL DISTRICT

AS OF JUNE 30, 2021

Members of the Board of Education

Donald Butler, President
Gregory Hudson, Vice-President
Dawn Brink
Jen Daniels
Robert Delahoy
Carrie Munsee
Kyle Rhoades

Officials of the Board of Education

Bert Lictus, Superintendent
Genevieve Jordan, District Clerk
Amanda Kolstee, District Treasurer
Carrie Finnerty, Tax Collector

JOHN S. TRUSSALO

Certified Public Accountant, P.C.

315 North Main Street • Suite 200 • Jamestown, New York 14701
P 716.487.2910 • F 716.487.1875 • jstcpa@netsync.net

Independent Auditor's Report

Board of Education
Panama Central School District
Panama, New York

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Panama Central School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, based on my audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Panama Central School District as of June 30, 2021, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Member of American Institute of Certified Public Accountants • Licensed in New York and Pennsylvania

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4 through 8), Budgetary Comparison Schedule - General Fund (pages 37-38), Schedule of Changes in the District's Total OPEB Liability and Related Ratios (page 39), Schedule of District's Contributions - Retirement Plans (page 40), and Schedule of District's Proportionate Share of Net Pension Liability (page 41), and be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Panama Central School District's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated October 15, 2021, on my consideration of Panama Central School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Panama Central School District's internal control over financial reporting and compliance.

John S Trussalo CPA P.C.

JOHN S. TRUSSALO, CPA, P.C.
Jamestown, New York
October 15, 2021

PANAMA CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021

Our discussion and analysis of the District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2021.

Financial Highlights

The District's net position totaled \$17,287,621 and \$18,487,201 as of June 30, 2021 and 2020, respectively. The change in net position decreased \$1,199,580 for the year ended June 30, 2021 and decreased \$666,770 for the year ended June 30, 2020. The General fund reported a fund balance of \$3,147,033 and \$3,799,142 as of June 30, 2021 and 2020, respectively. The general fund balance decreased \$652,109 for the year ended June 30, 2021 and decreased \$371,305 for the year ended June 30, 2020.

Using this Comprehensive Annual Financial Report

This comprehensive annual financial report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole, and then proceed to provide an increasingly detailed look at financial activities.

Reporting the District as a Whole

The Statement of Net Position and Statement of Activities

One of the most important questions asked about the Districts finances is, "Is the District better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. The change in net position provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The reader will need to consider other nonfinancial factors such as property tax base, current property tax law, student enrollment growth, and facility conditions in arriving at their conclusion regarding the overall health of the District.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements are included on pages 11 and 13 and provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State Statute, while other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions. The District's two types of funds, governmental and fiduciary, use different accounting approaches as further described in the notes to the financial statements.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or less financial resources available to spend in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the basic financial statements.

Management's Discussion and Analysis (Cont'd)

Fiduciary Funds

The District is the fiduciary for various amounts including the extraclassroom activity funds. The District's fiduciary activities are reported in the Statement of Fiduciary Assets and Liabilities on page 15. We exclude these activities from the District's other financial statements because the assets cannot be utilized by the District to finance it's operations.

Government-wide Financial Analysis

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by $17,287,261 and $18,487,201 as of June 30, 2021 and 2020, respectively.

A comparative analysis of the net position of the District follows:

Governmental Activities:

	2021	2020
Assets		
Cash and cash equivalents:		
Unrestricted cash	$ 3,418,113	$ 3,698,652
Restricted cash	1,127,793	418,888
Total cash and cash equivalents	4,545,906	4,117,540
Accounts receivable	-	586
Due from other governments	747,387	691,500
Inventories	8,697	4,602
Net pension asset - TRS	-	725,804
Capital assets, net of depreciation	17,477,193	17,900,983
Total assets	22,779,183	23,441,015
Deferred Outflows of Resources		
Deferred outflows - TRS	2,640,123	2,332,310
Deferred outflows - ERS	856,793	667,821
Deferred outflows - OPEB	50,608	181,283
Total deferred outflows of resources	3,547,524	3,181,414
Liabilities		
Accounts payable and other liabilities	1,299,682	868,457
Deferred revenue	172,233	3,054
Long-term liabilities	4,142,911	4,134,645
Net pension liability - TRS	769,739	-
Net pension liability - ERS	3,882	999,319
Total OPEB liability	1,102,138	1,128,761
Total liabilities	7,490,585	7,134,236
Deferred Inflows of Resources		
Deferred inflows - TRS	394,892	981,155
Deferred inflows - ERS	1,129,170	19,791
Deferred inflows - OPEB	24,439	46
Total deferred inflows of resources	1,548,501	1,000,992
Net Position		
Invested in capital assets, net of related debt	14,651,912	14,289,152
Restricted	727,941	423,490
Unrestricted	1,907,768	3,774,559
Total net position	$17,287,621	$18,487,201

Managements Discussion and Analysis (Cont'd)

Net Position (Cont'd)
As of June 30, 2021, the District's net position totaled $17,287,621 of which $14,651,912 (85%) reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. The District uses capital assets to provide services, consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Of the District's net position, $727,941 (4%) represents resources subject to restrictions such as reserves for capital expenditures, repairs, retirement; and food service activities. Of the District's net position, $1,907,768 (11%) is unrestricted which may be used to meet the ongoing activities of the District. The District is able to report, this year as well as last year, positive balances in all three areas of net position.

Change in Net Position

The change in the net position of the District's governmental activities follows:

	2021	2020
Revenues:		
Program revenues:		
Charges for services	$ 13,489	$ 92,621
Operating Grants and Contributions	752,305	552,280
Capital Grants and Contributions	30,195	-
General revenues:		
Real property taxes	2,877,273	2,853,628
Other tax items	615,359	631,666
Investment earnings	1,113	5,628
State Aid	7,777,710	8,250,552
Medicaid	32,527	8,703
Refund of prior year expenditures and other	127,236	151,716
Total revenues	12,227,207	12,546,794
Program expenses:		
General support	1,528,288	1,470,488
Instruction	7,574,118	7,335,552
Pupil transportation	585,791	595,072
Community service	9,222	11,186
Employee benefits	3,431,149	3,509,777
Interest expense	148,316	167,208
School Food Service	149,903	124,281
Total expenses	13,426,787	13,213,564
(Decrease) Increase in net position	$ (1,199,580)	$ (666,770)

Governmental Activities
The District relies heavily upon state aid (63%), real property tax revenues (23%), operating grants and contributions (6%), other tax items including STAR Aid (5%), capital grants and contributions, charges for services and other general revenues (3%) to fund its operations.

The Statement of Activities shows the cost of program services, and the charges for services and grants offsetting those services. The table below reflects the cost of program services as a percentage to total costs for the years ended June 30, 2021 and 2020.

	2021		2020	
	Amount	%	Amount	%
General support	$ 1,528,288	11%	$ 1,470,488	11%
Instruction	7,574,118	57%	7,335,552	56%
Pupil transportation	585,791	4%	595,072	4%
Community service	9,222	0%	11,186	0%
Employee benefits	3,431,149	26%	3,509,777	27%
Interest expense	148,316	1%	167,208	1%
School Food Service	149,903	1%	124,281	1%
Total expenses	$13,426,787	100%	$13,213,564	100%

Managements Discussion and Analysis (Cont'd)

The District's Governmental Funds

The District's governmental funds reported a combined fund balance of $3,830,075 and $3,942,717 as of June 30, 2021 and 2020, respectively. The following schedule indicates the fund balance and the total change in fund balances as of June 30, 2021 and 2020.

	Fund Balance June 30, 2021	Fund Balance June 30, 2020	Increase (Decrease)
General	$ 3,147,033	$ 3,799,142	$ (652,109)
Capital projects	619,648	84,867	534,781
Food Service	63,394	58,708	4,686
Total	$ 3,830,075	$ 3,942,717	$ (112,642)

General Fund

The change in the District's general fund balance follows:

	2021	2020	Increase (Decrease)
Revenues and Other Sources:			
Real property taxes	$ 2,877,273	$ 2,853,628	$ 23,645
Other tax items	615,359	631,666	(16,307)
State sources	7,777,710	8,250,552	(472,842)
Use of money and property	1,044	5,192	(4,148)
Charges for services	2,795	38,503	(35,708)
Federal sources	191,309	8,703	182,606
Other revenue	127,236	98,999	28,237
Total revenues	11,592,726	11,887,243	(294,517)
Expenditures:			
General support	1,511,838	1,456,411	55,427
Instruction	6,290,100	6,176,606	113,494
Pupil transportation	542,984	577,830	(34,846)
Community Service	9,222	11,186	(1,964)
Employee benefits	2,781,451	2,695,885	85,566
Debt service, principal and interest	934,866	995,558	(60,692)
Transfers to Other Funds	174,374	345,072	(170,698)
Total expenditures	12,244,835	12,258,548	(13,713)
(Deficiency) for the year	$ (652,109)	$ (371,305)	$ (280,804)

Notable changes in revenues were as follows: decrease in state sources of $472,842 due to the aid reduction for late filing of cost report; increase in federal sources of $182,606 due to Federal Cares Act Grants - ESSER $135,771 and GEER $23,011 and Medicaid $23,824. Notable changes in expenditures were as follows: decrease in debt service $60,692 due to decreased debt and maturity payments; net decrease in transfers to other funds totaling $170,698 comprised of Capital Fund decrease of $227,889 and Special Revenue Fund $57,191 increase.

Capital Projects Fund

The change in the District's capital fund balance follows:

	2021	2020
Revenues and Other Sources:		
State sources - Capital Grant	$ 30,195	$ -
Use of money and property	51	
Unclassified revenue - contract settlement	-	84,296
Proceeds from issuance of bond anticipation note	800,000	-
Interfund transfer in from General Fund	111,526	339,415
Total revenues	941,772	423,711
Expenditures:		
Capital expenditures	406,991	320,513
Total capital fund expenditures	406,991	320,513
Excess for the year	$ 534,781	$ 103,198

Managements Discussion and Analysis (Cont'd)

Food Service Fund

The change in the District's food service fund balance follows:

	2021	2020
Revenues:		
Federal and State aid	$ 152,712	$ 89,256
Food service sales	10,694	22,539
Other revenue	7,757	11,915
Total revenues	171,163	123,710
Expenditures:		
Contractual	133,988	104,827
Other expenses	20,485	21,336
Capital outlay	12,004	-
Total expenditures	166,477	126,163
Excess (deficiency) for the year	$ 4,686	$ (2,453)

Federal and State Aid increased due to increased aid from the Summer Food Service Program for Children. Food service sales for the year ended June 30, 2021 decreased $11,845 from 2020 due to the pandemic. Contractual expenditures increased due to implementation of the Summer Food Service Program for Children program.

General Fund Budget Information

The District's budget is prepared in accordance with New York State law and is based upon the modified accrual basis of accounting. The most significant budgeted fund is the General Fund. The District allocated $794,000 of its unassigned fund balance from the year ended June 30, 2020 towards the 2020-2021 budget. The 2020-2021 final expenditure budget totaled $13,063,178 compared to the 2019-2020 final expenditure budget of $13,243,811. Appropriation accounts required changes in functional categories due to spending patterns. A detailed budgetary comparison to actual is provided on pages 37-38.

Capital Assets

As of June 30, 2021, the District maintained $17,477,193 in capital assets (Cost $36,436,953 less accumulated depreciation of $18,959,760). As of June 30, 2020, the District maintained $17,900,983 in capital assets (Cost $36,141,555 less accumulated depreciation of $18,240,572). Capital expenditures totaled $684,676 and $632,593 for 2021 and 2020, respectively. Fixed asset deletions totaled $389,278 and $192,985 for 2021 and 2020, respectively. Depreciation expense totaled $1,023,249 and $985,364 for 2021 and 2020, respectively. Detailed information regarding capital asset activity is included in Note 4 to the basic financial statements.

Long-term Debt

As of June 30, 2021 and 2020, the District's outstanding bonds, capital lease obligation, bond anticipation note and unamortized bond premiums totaled $3,625,281 and $3,611,831, respectively. During the year ended June 30, 2021, the District issued an $800,000 bond anticipation note and retired debt totaled $786,550. As of June 30, 2021 and 2020, compensated absences totaled $517,630 and $522,814, respectively. Detailed information regarding long term debt is included in Note 5 to the basic financial statements. Under current state statutes, the District's debt issues are subject to a legal limitation based upon 10% of the total value of real property. The District's general obligation debt was at 18% as of June 30, 2021, 18% as of June 30, 2020 and 22% as of June 30, 2019, of the legal debt limitation.

Factors Expected to have an effect on Future Operations

The District will experience reductions in State Aid through June 2023, due to the penalty assessment. (See Note 12). Also, the impact of future State Aid as the result of the COVID-19 pandemic is currently unknown, In addition, the contributions to the New York State Employees and Teachers Retirement Systems will continue to increase in future years, as projected by the Retirement Systems. The severity of the projected increases are currently unknown. Lastly, health insurance costs continue to rise. The increased premiums are difficult to predict and the impact which these increases will have on the District is currently unknown.

PANAMA CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION

AS OF JUNE 30, 2021

	Governmental Activities
ASSETS:	
Cash and cash equivalents:	
Unrestricted cash	$ 3,418,113
Restricted cash	1,127,793
Total cash and cash equivalents	4,545,906
Due from other governments	747,387
Inventories	8,697
Capital assets:	
Land	51,008
Renovation project in progress	585,783
Other capital assets, net of depreciation	16,840,402
Total assets	22,779,183
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred outflows - TRS	2,640,123
Deferred outflows - ERS	856,793
Deferred outflows - OPEB	50,608
Total deferred outflows of resources	3,547,524
LIABILITIES:	
Accounts payable	184,925
Accrued liabilities	593,526
Due to NYS Teachers' Retirement System	469,722
Due to NYS Employees' Retirement System	51,509
Deferred revenue	172,233
Non-current liabilities:	
Due within one year	1,423,150
Due in more than one year	2,719,761
Net pension liability - TRS	769,739
Net pension liability - ERS	3,882
Total OPEB liability	1,102,138
Total liabilities	7,490,585
DEFERRED INFLOWS OF RESOURCES:	
Deferred inflows - TRS	394,892
Deferred inflows - ERS	1,129,170
Deferred inflows - OPEB	24,439
Total deferred inflows of resources	1,548,501
NET POSITION	
Invested in capital assets, net of related debt	14,651,912
Restricted for:	
Capital	300,059
Repair	150,536
Retirement	268,649
Food service	8,697
Unrestricted	1,907,768
Total net position	$17,287,621

See accompanying notes to financial statements.

PANAMA CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

Functions	Expenses	Program Revenues: Charges for Services/Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position: Total Governmental Activities
Primary Government:					
General Support	$ 1,528,288	$ -	$ -	$ -	$ (1,528,288)
Instruction	7,574,118	2,795	591,854	30,195	(6,949,274)
Pupil Transportation	585,791	-	-	-	(585,791)
Community Service	9,222	-	-	-	(9,222)
Employee Benefits	3,431,149	-	-	-	(3,431,149)
Interest on long-term liabilities	148,316	-	-	-	(148,316)
School food service	149,903	10,694	160,451	-	21,242
Total Governmental Activities	$13,426,787	$ 13,489	$ 752,305	$ 30,195	$(12,630,798)

General Revenues:	
Real property taxes	$ 2,877,273
Other tax items	615,359
Investment earnings	1,113
State aid not restricted to specific purpose	7,777,710
Medicaid	32,527
Refund of prior year expenditures and other	127,236
Total general revenues	11,431,218
Change in net position	(1,199,580)
Net position, beginning of year	18,487,201
Net position, end of year	$ 17,287,621

See accompanying notes to financial statements.

PANAMA CENTRAL SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

AS OF JUNE 30, 2021

	General	Capital Projects	Special Revenue	Food Service	Total Governmental Funds
ASSETS					
Unrestricted cash	$ 2,814,208	$ 541,774	$ 28,513	$ 33,618	$ 3,418,113
Restricted cash	1,127,793	-	-	-	1,127,793
Due from other funds	48,593	88,373	-	-	136,966
Due from other governments	378,689	111,526	223,329	33,843	747,387
Inventories	-	-	-	8,697	8,697
Total Assets	**$ 4,369,283**	**$ 741,673**	**$ 251,842**	**$ 76,158**	**$ 5,438,956**
LIABILITIES					
Accounts payable	$ 117,992	$ -	$ 56,343	$ 10,590	$ 184,925
Accrued liabilities	104,201	-	-	-	104,201
Health reimbursement 105(h) plan	408,549	-	-	-	408,549
Retainage payable	-	10,499	-	-	10,499
Due to other funds	-	-	136,966	-	136,966
Due to fiduciary funds	70,277	-	-	-	70,277
Deferred revenue	-	111,526	58,533	2,174	172,233
Due to NYS Teachers' Retirement System	469,722	-	-	-	469,722
Due to NYS Employees' Retirement System	51,509	-	-	-	51,509
Total Liabilities	1,222,250	122,025	251,842	12,764	1,608,881
FUND BALANCES					
Non spendable	-	-	-	8,697	8,697
Restricted:					
Capital	300,059	-	-	-	300,059
Retirement	268,649	-	-	-	268,649
Repair	150,536	-	-	-	150,536
Assigned	794,000	619,648	-	54,697	1,468,345
Unassigned	1,633,789	-	-	-	1,633,789
Total Fund Balances	3,147,033	619,648	-	63,394	3,830,075
Total Liabilities and Fund Balances	**$ 4,369,283**	**$ 741,673**	**$ 251,842**	**$ 76,158**	**$ 5,438,956**

See accompanying notes to financial statements.

PANAMA CENTRAL SCHOOL DISTRICT

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

YEAR ENDED JUNE 30, 2021

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance - governmental funds	$ 3,830,075
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is $36,436,953 and the accumulated depreciation is $18,959,760.	17,477,193
The net pension asset and deferred outflows less the net pension liability and deferred inflows, for TRS and ERS are not reported in the funds. This amount represents the net increase in proportionate share of net pension asset/liability and deferred inflows/outflows.	1,199,233
Debt issuance premiums are reported as revenue in the governmental funds. These premiums are deferred and accreted over the life of the debt. Premiums received totaled $70,000 and the accumulated accretion is $35,000.	(35,000)
The Total OPEB liability, OPEB deferred outflows and inflows are not reported in the funds. This amount represents the net amount of Total OPEB liability, deferred outflows and inflows.	(1,075,969)
Long term liabilities, including general obligation bonds, capital lease obligation, bond anticipation note and compensated absences are not due and payable in the current period and therefore are not reported in the funds.	(4,107,911)
Total net position - governmental activities	**$ 17,287,621**

See accompanying notes to financial statements.

PANAMA CENTRAL SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2021

	General	Capital Projects	Special Revenue	Food Service	Total Governmental Funds
REVENUES:					
Real property taxes	$ 2,877,273	$ -	$ -	$ -	$ 2,877,273
Other tax items	615,359	-	-	-	615,359
Charges for services	2,795	-	-	-	2,795
Use of money and property	1,044	51	-	18	1,113
Sale of property/compensation for loss	13,381	-	-	-	13,381
Refund of prior year expenditures	67,778	-	-	-	67,778
Unclassified	46,077	-	-	7,739	53,816
State sources	7,777,710	30,195	94,361	5,494	7,907,760
Federal sources:					
Grants	158,782	-	338,711	147,218	644,711
Medicaid	32,527	-	-	-	32.527
Food service sales	-	-	-	10,694	10,694
Total Revenues	11,592,726	30,246	433,072	171,163	12,227,207
EXPENDITURES:					
General support	1,511,838	-	-	12,000	1,523,838
Instruction	6,290,100	-	495,920	-	6,786,020
Pupil transportation	542,984	-	-	-	542,984
Community services	9,222	-	-	-	9,222
Employee benefits	2,781,451	-	-	-	2,781,451
Debt service - principal	777,800	-	-	-	777,800
Debt service - interest	157,066	-	-	-	157,066
Contractual	-	-	-	133,988	133,988
Capital outlay	-	406,991		12,004	418,995
Other expenses	-	-	-	8,485	8,485
Total Expenditures	12,070,461	406,991	495,920	166,477	13,139,849
Excess (deficiency) of revenues over expenditures	(477,735)	(376,745)	(62,848)	4,686	(912,642)
OTHER SOURCES (USES):					
Proceeds from issuance of bond anticipation note	-	800,000	-	-	800,000
Interfund transfers	(174,374)	111,526	62,848	-	-
Total Other sources (uses)	(174,374)	911,526	62,848	-	800,000
Net change in fund balances	(652,109)	534,781	-	4,686	(112,642)
FUND BALANCES, beginning of year	3,799,142	84,867	-	58,708	3,942,717
FUND BALANCES, end of year	$ 3,147,033	$ 619,648	$ -	$ 63,394	$ 3,830,075

See accompanying notes to financial statements.

PANAMA CENTRAL SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

Governmental Funds
YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds		$ (112,642)
Governmental funds report capital outlays as expenditures during the year paid. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense of $1,023,249 exceeded capital outlays of $625,176.		(398,073)
Governmental funds report bond and other debt proceeds as other financing sources, while repayment of principal is reported as an expenditure. The net effect of these differences in the treatment of bond and other debt proceeds as well as the payment of principal include the following: Principal payments on long-term debt		(22,200)
Governmental funds recognize the payments for compensated absences as an expenditure. The government-wide financial statements recognize the net decrease in the liability for compensated absences as a reduction of the liability.		5,184
Governmental funds do not recognize the change in the Total OPEB liability because they are not due and payable in the current period. The government-wide financial statements recognize the change in the Net OPEB Obligation.		(128,445)
The net changes in the pension asset and deferred outflows less the net pension liability and deferred inflows, for TRS and ERS are not reported in the funds. This amount represents the net change in proportionate share of net pension asset/liability and deferred inflows/outflows.		
Teachers' Retirement System (TRS)	(601,467)	
Employees' Retirement System (ERS)	75,030	(526,437)
The government-wide financial statements recognize the gain (loss) from the disposition of fixed assets based upon proceeds from the sale less accumulated depreciation.		(25,717)
Governmental funds report the premiums received from debt issued as revenue, and debt issuance costs as expense, whereas the government-wide financial statements recognize the premiums received and issuance costs over the life of the debt. This is is the amount of accretion of bond premiums		8,750
Change in net position of governmental activities		**$ (1,199,580)**

See accompanying notes to financial statements.

PANAMA CENTRAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS

AS OF JUNE 30, 2021

	Agency Funds
ASSETS	
Restricted cash	$ 52,587
Due from General Fund	70,277
Total Assets	$ 122,864
LIABILITIES	
Extraclassroom activity funds	52,587
Amounts held in custody for others	70,277
Total Liabilities	122,864
NET POSITION	
Net position	-
Total Net Position	$ -

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Panama Central School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

A. Reporting Entity

The Panama Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of seven members. The Board is responsible for, and controls all the activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, The Financial Reporting Entity, as amended by GASB Statement 39, Component Units. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that the exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements presents the activities of the District and other organizational entities determined to be includable in the District's financial reporting entity. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the District's reporting entity.

Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to financial transactions and the designation of student management. The District accounts for assets held as an agent for various student organizations in an agency fund.

B. Basis of Presentation

District-wide statements:

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary.

Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes and state aid. Operating grants include operating-specific grants.

The Statement of Net Position presents the financial position of the District at fiscal year end. The Statement of Activities presents a comparison between direct expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and clearly identifiable to a particular function. Program revenues include charges paid by recipients of goods or services offered by the programs, and grants that are restricted to meeting the operational requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation (Cont'd)

Funds Statements

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (government and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

General Fund: This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Capital Projects Fund: These funds are used to account for the financial resources used for the acquisition, construction, or major repair of capital facilities.

Special Revenue Fund: These funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Food Service Fund: Used to account for child nutrition activities whose funds are restricted as to use.

Fiduciary Funds: Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the Government-wide financial statements, because their resources do not belong to the District, and are not available to be used.

C. Measurement Focus and Basis of Accounting

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of when the related cash transaction takes place. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which they are levied. Revenue from state aid is recognized in the fiscal year it is apportioned by the state. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under ths method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgements, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in the governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

D. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1. Uncollected real property taxes are subsequently enforced by Chautauqua County in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following April 1.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy concerning which to apply first varies with the intended use, and with the associated legal requirements.

F. Interfund Transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as interfund borrowing. The District typically loans resources between funds fr the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services.

In the government-wide statements, the amounts reported in the Statement of Net Position for interfund receivables and payables represent amounts due between fund types (governmental activities and fiduciary activities). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due to the fiduciary funds.

G. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingent assets an liabilities at the date of the financial statements and the reported revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

H. Cash and Cash Equivalents

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

I. Capital Assets

Capital assets are reported at actual cost of acquisition. The District defines capital assets with an initial, individual cost of more than $3,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Buildings and improvements, vehicles, and furniture and equipment of the District are depreciated using the straight-line method over the following estimated lives:

Assets	Years
Buildings	40
Land improvements	20
Furniture and equipment	10
Buses	10
Computer equipment	5

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

J. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position includes a section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has reported deferred outflows of resources related to its participation in NYS Teachers (TRS) and NYS Employees (ERS) retirement systems.

In addition to liabilities, the Statement of Net Position includes a section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has reported deferred inflows of resources related to its participation in NYS Teachers (TRS) and NYS Employees (ERS) retirement systems.

K. Compensated Absences

Under terms of association agreements, twelve-month or full year employees earn vacation, sick and personal leave in amounts varying with tenure and classification. In the event of termination or death, an employee forfeits the sick and personal days accumulated.

A liability is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

L. Post-employment Benefits

In addition to providing pension benefits, the District provides limited health insurance coverage and benefits for retired employees. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age (age 55) while working for the District. Please refer to Note 7, Retirement Plans and Other Post Employment Benefits.

M. Accrued liabilities and Long-term Obligations

Payables, accrued liabilities and long-term debt obligations are reported in the government-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Other post-employment benefits payable and compensated absences that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

In the government-wide financial statements, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

N. Evaluation of Subsequent Events

On January 30, 2020, the World Health Organization declared the corona virus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the corona virus include restrictions on travel, and quarantines in certain areas, and forced closures of certain types of public places and businesses. As a result of this event, economic uncertainties have arisen which could negatively impact future revenues. Other financial impacts could occur though such potential impacts are unknown and/or are not reasonably estimable at this time.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

N. Subsequent Events (Cont'd)

In addition, litigation has been initiated against the District which is explained in Note 14.

Management of Panama Central School District has evaluated events through October 15, 2020, which is the date the financial statements of the District were available for issuance and have determined, with the exception related to the pandemic noted above and the litigation explained in Note 14, that there are no subsequent events that require disclosure under generally accepted accounting principles.

O. Equity Classifications

Government Wide Statements

Net investment in capital assets - Consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligation from the acquisition of those assets.

Restricted net position - Reports net position when constraints placed on the assets are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation..

Unrestricted net position - Reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

Fund Statements

Non spendable - Consists of assets inherently non spendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowment principal.

Restricted - Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation. The District's legally adopted reserves are reported here and include the following:

Reserve for Capital - This restriction will be used to pay for capital expenditures.

Reserve for Retirement - This restriction will be used to pay claims which are in excess of liability insurance coverages.

Reserve for Repairs - This restriction will be used to pay for unexpected building and equipment repairs.

Committed - Consists of amounts subject to a purpose constraint imposed by formal action of the District's highest level of decision making authority prior to the end of the fiscal year, which requires the same level of formal action to remove the said constraint.

Assigned - Consists of amounts subject to a purpose constraint representing an intended use established by the District's highest level of decision making authority, or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual of fund balance.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

O. Equity Classifications (Cont'd)

Fund Statements (Cont'd)

Unassigned - Represents the residual classification of the District's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from over spending amounts restricted, committed, or assigned for specific purposes.

Real Property Tax Law Section 1318 limits the amount of unexpended surplus funds the District can retain in the General Fund to no more than 4% of the next year's budgetary appropriations. Funds properly retained under other sections of the law (i.e., reserve funds established pursuant to Education Law are excluded from the 4% limitation. The 4% limitation is applied to unrestricted fund balance (i.e. the total of committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

The Board of Education of the District has not adopted any resolutions to commit fund balance. The District's policy is to apply expenditures against non spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and then unassigned fund balance.

P. Budgetary Data

Budget Policies

The District administration prepares a proposed budget for approval by the Board of Education for the General Fund. The voters within the District approved the proposed appropriation budget for the General Fund. Appropriations are adopted at the program level. Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the fiscal year end unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

Budget Basis of Accounting

Budgets are adopted annually on a basis consistent with generally accepted accounting policies. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

NOTE 2 - CASH AND CASH EQUIVALENTS

The District's investment polices are governed by State statutes. The District's monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit at 102% of all deposits not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of New York State and its municipalities and school districts.

Deposits are valued at cost and are categorized as (1) Insured or registered, or securities held by the District or its agent in the District's name, (2) Uninsured and unregistered, with securities held by the counterpart's trust department or agent in the District's name, (3) Uninsured and unregistered, with no securitization of the investments..

Total cash and cash equivalents	$ 4,598,493
Cash and cash equivalents:	
Governmental funds balance sheet	$ 4,545,906
Fiduciary activities	52,587
	$ 4,598,493

Type of Deposit	*Total Bank Balance*	*Custodial Credit Risk Category* *1*	*2*	*3*	*Total Carrying Value*
Demand Deposit	$ 3,487,042	$ 3,613,987	$ -	$ -	$ 3,613,987
Savings	1,384,407	984,406	-	-	984,406
Cash on hand	-	-	-	-	100
	$ 4,871,449	$ 4,598,393	$ -	$ -	$ 4,598,493

The District's financial institution (bank) balances at June 30, 2021 were fully FDIC insured and/or collateralized.

NOTE 3 - PROPERTY TAXES

Calendar

Real property taxes are levied annually by the Board of Education no later than September 1.

Enforcement

Uncollected real property taxes are subsequently enforced by Chautauqua County, in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the School District no later than the forthcoming April 1.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 follows:

	Beginning of Year	Increases	Decreases	End of Year
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 51,008	$ -	$ -	$ 51,008
Renovation project progress	320,513	265,270	-	585,783
Total capital assets not being depreciated	**371,521**	**265,270**	**-**	**636,791**
Capital assets, being depreciated:				
Buildings and improvements	32,570,539	-	-	32,570,539
Furniture and equipment	1,536,499	178,182	-	1,714,681
Buses and vehicles	1,662,996	241,224	(389,278)	1,514,942
Total capital assets being depreciated	35,770,034	419,406	(389,278)	35,800,162
Accumulated depreciation for:				
Buildings and improvements	(16,169,698)	(769,541)	-	(16,939,239)
Furniture and equipment	(1,334,280)	(60,879)	-	(1,395,159)
Buses and vehicles	(736,594)	(192,829)	304,061	(625,362)
Total accumulated depreciation	(18,240,572)	(1,023,249)	304,061	(18,959,760)
Total capital assets being depreciated, net	**17,529,462**	**(603,843)**	**(85,217)**	**16,840,402**
Governmental activities capital assets, net	**$17,900,983**	**$ (338,573)**	**$ (85,217)**	**$17,477,193**

Depreciation expense

Depreciation expense for the year ended June 30, 2021 was charged to the governmental functions as follows:

Governmental activities:	
General support	$ 4,450
Instruction	812,555
Pupil transportation	198,814
Food service	7,430
Total depreciation expense	**$ 1,023,249**

NOTE 5 - LONG-TERM DEBT

Constitutional Debt Limit

The general obligation bonded debt of the District is limited by state law to 10% of the fair market value of the total taxable property in the District. At June 30, 2021, the District's general obligation debt was at 18.14% of its legal debt limit.

A summary of changes in long-term liabilities for the year ended June 30, 2021 is summarized as follows:

	Beginning of Year	Additions	Retired	End of Year	Due Within One Year
Governmental Activities:					
General Obligation Bonds	$ 2,760,000	$ -	$ (700,000)	$ 2,060,000	$ 480,000
Capital Lease Obligation	808,081	-	(77,800)	730,281	82,400
Unamortized premium	43,750	-	(8,750)	35,000	8,750
	3,611,831	-	(786,550)	2,825,281	571,150
Bond anticipation note	-	800,000	-	800,000	800,000
Compensated absences	522,814	-	(5,184)	517,630	52,000
Total governmental activities	$ 4,134,645	$ 800,000	$ (791,734)	$ 4,142,911	$ 1,423,150

Additional Debt Disclosures

General Obligation Bonds

Description	Beginning of Year	Additions	Retired	End of Year	Due Within One Year
2007 General Obligation Bond	$ 235,000	-	$ (235,000)	$ -	$ -
2018 Refunding Serial Bond	2,525,000	-	(465,000)	2,060,000	480,000
	$ 2,760,000	$ -	$ (700,000)	$ 2,060,000	$ 480,000

General Obligation Bonds

	Amount
2018 School District Refunding Serial Bond (Original issue $2,540,000), due in annual principal installments of $480,000 to $555,000, through June 15, 2025 plus interest from 3.0% to 5.0%.	$ 2,060,000
Total general obligation bonds	**$ 2,060,000**

Capital Lease Obligation - Energy Performance

2014 Capital Lease Obligation - Energy Savings Project (Original Amount $1,134,681, including capitalized interest of $39,155), due in annual principal installments of $82,400 to $110,000, through March 1, 2029, plus interest at 3.57%.	$ 730,281
Total capital lease obligation - energy performance	**$ 730,281**

Unamortized Bond Premium

	Outstanding Principal	Unamortized Premium
2018 Refunding Serial Bonds	$ 2,060,000	$ 35,000

NOTE 5 - LONG-TERM DEBT (Cont'd)

Bond Anticipation Note

On May 26, 2021 the District issued an $800,000 bond anticipation note at .88%. The bond anticipation note is payable July 15, 2021.

Compensated absences

As explained in Note 1, compensated absences for employees who have attained age 55 and are participants in the NYS Teachers Retirement System and NYS Employees Retirement System are included as a liability in the government-wide financial statements . The Governmental funds include as an expenditure, matured compensated absences which are payable to currently terminating employees.

Governmental-activities Debt Service Requirements

The annual debt service requirements to maturity for general obligation bonds and capital lease obligations as of June 30, 2021 are as follows:

Year Ending	General Obligation Bonds		Capital Lease Obligation		Total	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2022	$ 480,000	$ 98,750	$ 82,400	$ 26,022	$ 562,400	$ 124,772
2023	500,000	78,000	87,200	23,080	587,200	101,080
2024	525,000	53,850	92,300	19,966	617,300	73,816
2025	555,000	27,750	97,600	16,672	652,600	44,422
2026	-	-	101,500	13,188	101,500	13,188
2027-2029	-	-	269,281	17,268	269,281	17,268
Totals	$ 2,060,000	$ 258,350	$ 730,281	$ 116,196	$ 3,568,081	$ 374,546

Year Ending June 30,	Unamortized Premium
2022	$ 8,750
2023	8,750
2024	8,750
2025	8,750
	$ 35,000

Defeasance of Debt

The District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements.

NOTE 6 - RETIREMENT PLANS

General Information

The Panama Central School District participates in the New York State and Local Employees' Retirement System (ERS), and the New York State Teachers' Retirement System (TRS). These are cost-sharing multiple employer, public employee retirement systems. The Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

Plan Descriptions

Teachers Retirement System (TRS)

The New York State Teacher's Retirement System is administered by the New York State Teachers' Retirement Board. The System provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. Membership is mandatory and automatic for all full-time teachers, teachers assistants, guidance counselors, and administrators employed in New York Public Schools who elected to participate in TRS. TRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to the NYTRS, 10 Corporate Woods Drive, Albany, NY 12211-2395.

Employees Retirement System (ERS)

The New York State and Local Employees' Retirement System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. NYSRSSL govern obligations of employers and employees to contribute, and benefits to employees. The System issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to NYSERS, Office of State Comptroller, 110 State Street, Albany, NY 12244.

Funding Policies

The Systems are non-contributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, contribution rates under ERS tier VI very based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year and each of the two preceding years.

Year Ended	ERS	TRS
June 30, 2021	$ 169,396	$ 418,906
2020	$ 163,317	$ 495,255
2019	$ 152,029	$ 453,211

NOTE 6 - RETIREMENT PLANS (Cont'd)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

At June 30, 2021, the District reported the following liability (asset) for its proportionate share of the net pension liability (asset) for each of the Systems. The net liability (asset) was measured as of March 31, 2021 for ERS and June 30, 2020 for TRS. The total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation. The District's portion of the net pension liability (asset) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District,

	ERS	TRS
Measurement Date	March 31, 2021	June 30, 2020
Net pension liability (asset)	$ 3,882	$ 769,739
District's portion of the Plan's total Net Pension Liability	0.0038984%	0.0278560%
Change in proportion since prior measurement date	.0001246%	(.0000810)%

For the year ended June 30, 2021, the District recognized pension expense of $103,725 for ERS and $1,046,666 for TRS in the Statement of Activities. At June 30, 2021, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	$ 47,407	$ 674,445	$ -	$ 39,448
Changes of assumptions	713,736	973,540	13,461	347,016
Net difference between projected and actual investment earnings on plan investments	-	502,707	1,115,079	-
Changes in Proportion and Differences Between Employer contributions and Proportionate share of contributions	44,141	44,276	630	8,428
District's contributions subsequent to measurement date	51,509	445,155	-	-
Total	$ 856,793	$2,640,123	$1,129,170	$ 394,892

District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability during the year ending June 30, 2022. Other amounts of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

ERS Year ending March 31,	Amount	*TRS* Year ending June 30,	Amount
2021	$ -	2021	$ 310,379
2022	$ (51,641)	2022	$ 615,830
2023	$ (10,203)	2023	$ 506,232
2024	$ (51,857)	2024	$ 312,143
2025	$ (210,185)	2025	$ 18,642
Thereafter	$ -	Thereafter	$ 36,850

NOTE 6 - RETIREMENT PLANS (Cont'd)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources (Cont'd)

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	ERS	TRS
Measurement date	March 31, 2021	June 30, 2020
Actuarial valuation date	April 1, 2020	June 30, 2019
Inflation rate	2.7%	2.2%
Salary increases	4.4%	1.90% -4.72%
Investment rate of return	5.9%	7.10%
Cost of living adjustments	1.4%	1.3%
Mortality	April 1, 2015 - March 31,2020 System experience	July 1, 2009 - June 30, 2014 System experience

For ERS, annuitant mortality rates are based on April 1, 2015 - March 31, 2020 Systems experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2020. For TRS, annuitant mortality rates are based on July 1, 2009 - June 30, 2014 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2019.

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rate of return (expected returns net of investment expenses and inflation) are developed for each major class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by each target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major class included in the target asset allocation are summarized below:

	ERS	TRS
***Measurement date*:**	March 31, 2021	June 30, 2020
***Asset type*:**		
Domestic equity	4.05%	7.10%
International equity	6.30%	7.70%
Global equity	-	7.40%
Private equity	6.75%	9.90%
Real estate equity	4.95%	4.60%
Absolute return strategy investments	3.25%	-
Opportunistic/ARS portfolio	4.50%	-
Real assets	5.95%	-
Domestic fixed income	-	1.30%
Global bonds	-	.90%
Private debt	-	6.50%
Real estate debt	-	2.90%
Bonds and Mortgages	.75%	-
Cash and short term equivalents	0.50%	.30%
High Yield Bonds	-	3.60%

NOTE 6 - RETIREMENT PLANS (Cont'd)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources (Cont'd)

Discount Rate

The discount rate used to calculate the total pension liability was 5.90% for ERS and 7.10% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.90% for ERS and 7.10% for TRS, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1% point higher (6.90% for ERS and 8.10% for TRS) and 1% point lower (4.90% for ERS and 6.10% for TRS) than the current rate:

ERS	**1% Decrease 4.90%**	**Current Assumption 5.90%**	**1% Increase 6.90%**
Employer's proportionate share of the net pension liability (asset)	$ 1,077,435	$ 3,882	$ (986,186)

TRS	**1% Decrease 6.10%**	**Current Assumption 7.10%**	**1% Increase 8.10%**
Employer's proportionate share of the net pension liability (asset)	$ 4,862,175	$ 769,739	$ (2,664,852)

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS and ERS financial report.

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of the respective measurement dates, were as follows:

	ERS (Dollars in Thousands)	**TRS** (Dollars in Thousands)
Measurement date	March 31, 2021	June 30, 2020
Employers' total pension liability	$220,680,157	$123,242,776
Plan fiduciary net position	220,580,583	120,479,505
Employers' net position liability	$ 99,574	$ 2,763,171
Ratio of fiduciary net position to the employers' total pension liability	99.95%	97.80%

NOTE 6 - RETIREMENT PLANS (Cont'd)

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year ended March 31, 2021. Accrued retirement contributions as of June 30, 2021 represent projected employer contributions for the period April 1, 2021 through June 30, 2021 based on paid ERS wages multiplied by the employer's contribution rate. The accrued employer retirement contribution as of June 30, 2021 totaled $51,509.

For TRS, employer contribution and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October, and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRS wages multiplied by the employer's contribution rate, by tier, and employee contributions for the fiscal year as reported to the TRS System. The accrued retirement contribution as of June 30, 2021 totaled $469,722 comprised of employer contribution of $445,155 and employee contribution of $24,567.

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS OTHER THAN PENSION

Plan Description

The District provides post employment benefits for teachers who have retired with the following:

- Retired pursuant to the terms of the New York State Teachers' Retirement System.
- Reached age 55 with at least twenty years of full time service.
- Accumulated more than 100 sick leave days as of the date of retirement.

Contributions to IRC Section 105(h) Health Spending Account

Allotment and Accumulation
- A teacher will be granted 13 days per year, accumulative to 220 days. In years subsequent to reaching the maximum of 220 days, each teacher shall receive an additional 13 days for that year only along with 4 personal days per year.
- An active teacher who has received 17 days beyond the 220 days maximum sick day accumulation will be awarded $65 for each unused sick day accumulated during the school year to a maximum of $1,105 ($65 x 17 days).
- Active teachers are awarded $400, if zero sick days are utilized in a given year and $200 if one sick day is utilized in a given year.

Retirement Option A
- Teachers retiring from the District shall receive $75 per unused sick day, not to exceed $16,500 ($75 x 220 days).

Retirement Option B
- Teachers qualifying for option B must retire at the end of the first year of retirement eligibility.
- Teachers retiring under option B, must have been a full time teacher, have accumulated a minimum of 100 sick days, and have served the District for a minimum of 20 years.
- Teachers meeting the aforementioned criteria, will be entitled to receive from the District an amount equal to the yearly cost of a single traditional health insurance plan. The plan amount is to be paid in full and will adjust yearly to reflect current rates. Payments shall begin the month after the effective date of retirement and continue until the first day of the month the retiree turns 65 years of age.
- If the retiree dies before reaching age 65 and is survived by a spouse, the spouse will receive 50% of the benefit until the retiree would have turned 65 years of age.

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS OTHER THAN PENSION (Cont'd

Contributions to IRC Section 105(h) Health Spending Account (Cont'd)

Qualifying CSEA Employees

- For qualifying CSEA employees that retired, the District is required to pay for unused sick leave based upon their daily rate at the time of retirement multiplied by the number of accumulated sick days, up to 175 days. Payment is not to exceed $15,000 for District Health Insurance or $10,500 if cash payment is taken.

Funding Policy

The obligations of the plan members, employers and other entities are established by actions of the Board of Education, pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer may vary depending on the applicable agreement. Other post-employment benefit costs are currently satisfied on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation

Actuarial computations under Governmental Accounting Standards, State No. 75 (GASB 75) are for the purposes of fulfilling employer accounting requirements. The calculations reported below have been made by an actuary.

A. Components of OPEB Liability

The Present Value of Benefits represents the sum of all expected future benefit payments, discounted to the end of the fiscal year using the current discount rate.

Present Value of Benefits	
Actives	$ 870,505
Retirees	463,111
	$ 1,333,616

The Total OPEB Liability represents the sum of expected future benefit payments which may be attributed to past service (or earned), discounted to the end of the fiscal year using the current discount rate. The Total OPEB liability is analogous to the Unfunded Actuarial Accrued Liability (AAL) under GASB 45.

Total OPEB Liability	
Actives	$ 639,027
Retirees	463,111
	$ 1,102,138

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS OTHER THAN PENSION (Cont'd)

B. Changes in the Total OPEB Liability

Balance, June 30, 2020	$ 1,128,761
Changes for the year:	
Service cost	23,886
Interest	27,319
Differences between expected and actual experience	(43,239)
Changes in assumptions or other inputs	16,501
Benefit payments	(51,090)
Net changes	(26,223)
Balance, June 30, 2021	**$ 1,102,138**

C. Schedule of Required Contributions

The OPEB Plan is currently unfunded.

D. Schedule of Changes in the Total OPEB Liability and Related Ratios

The following exhibit demonstrates up to 10 years of OPEB liabilities, including how those liabilities have evolved over time and the sources of changes each fiscal year:

	2021	2020	2019	2018
Total OPEB Liability				
Service Cost	$ 23,886	$ 17,918	$ 17,224	$ 15,927
Interest	27,319	27,013	27,880	27,615
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(43,239)	231,741	11,993	25,563
Changes in assumptions or other inputs	16,501	84,746	(230)	10,587
Expected benefit payments	(51,090)	(44,406)	(35,390)	(33,899)
Net changes in total OPEB Liability	(26,263)	316,812	21,477	45,793
Total OPEB liability, beginning	1,128,761	811,949	790,472	744,679
Total OPEB liability, end	**$ 1,102,138**	**$ 1,128,761**	**$ 811,949**	**$ 790,472**
Covered Payroll	$ 5,591,182	$ 5,591,182	$ 5,439,393	$ 5,439,393
Total OPEB liability as a percentage of covered payroll	19.71%	20.19%	14.93%	14.53%

E. OPEB Expense

The OPEB Expense reflects the costs to the OPEB plan incurred during the year, including the service cost, interest cost, immediate recognition of the impact of all plan provision changes, and the amortization of gains and losses due to experience changes in assumptions,

Calculation of OPEB Expense

Service cost	$ 23,886
Interest cost	27,319
Amortization of differences between expected and actual experience	84,356
Amortization of changes of assumptions or other differences	43,974
Total OPEB Expense	**$ 179,535**

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS OTHER THAN PENSION (Cont'd)

F. Deferred Outflows and Inflows of Resources Related to OPEB

The following deferrals of outflows and inflows were reported during the fiscal year:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$ 30,227	$ 24,439
Changes in assumptions or other inputs	20,381	-
	$ 50,608	$ 24,439

G. Projected Deferred Outflows and Inflows of Resources

Net deferred outflows and inflows will be recognized in future years consistent with the following schedule:

Year ending June 30,	Total Net Deferrals
2022	$ 29,655
2023	$ (3,486)
2024	-
2025	-
2026	-
Thereafter	-

H. Schedule of Deferred Outflows and Inflows of Resources due to the difference between actual and expected experience

The following details the source of deferred outflows and inflows of resources each year due to the difference between actual and expected experience. This includes changes in census, and changes in medical premiums that are different than expected healthcare cost trend rates.

Outstanding amounts are amortized on a straight line basis over the average years to expected retirement.

Fiscal Year Ending June 30,	Outstanding Amount Beginning of Year	Annual Amortization Amount
2021	$ (43,239)	$ (18,800)
2020	$ 130,984	$ 100,757
2019	$ 2,399	$ 2,399

I. Schedule of Deferred Outflows and Inflows of Resources due to changes in assumptions or other inputs

The following details the source of deferred outflows and inflows of resources each year due to the changes in assumptions or other inputs. This includes changes in the long term bond rate, mortality, and healthcare cost trend rate.

Outstanding amounts are amortized on a straight line basis over the average years to expected retirement.

Fiscal Year Ending June 30,	Outstanding Amount Beginning of Year	Annual Amortization Amount
2021	$ 16,501	$ 7,174
2020	$ 47,900	$ 36,846
2019	$ (46)	$ (46)

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS OTHER THAN PENSION (Cont'd)

J. Sensitivity of the total OPEB liability to changes in the discount rate

The discount rate assumption can have a profound impact on total liabilities. The following exhibit demonstrates the effect a 1% change in the discount rate assumption would have on liabilities

	1% Decrease (1.27%)	Discount Rate (2.27%)	1% Increase (3.27%)
Total OPEB liability	$ 1,175,557	$ 1,102,138	$ 1,034,545

K. Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate

Healthcare costs can be subject to considerable volatility over time. The following exhibit demonstrates the effect a 1% change in the discount rate assumption would have on liabilities

	1% Decrease (3.00 to 3.08%)	Healthcare Cost Trend Rate (4.00% to 4.08%)	1% Increase (5.00% to 5.08%)
Total OPEB liability	$ 1,008,308	$ 1,102,138	$ 1,208,779

L. Expected Cash Flows

An actuarial valuation under GASB 75 requires the projection of expected benefits to be paid over the lifetime of all active employees, retirees, and dependents covered under the plan. The following chart illustrates the next 10 years of future net employer costs expected in the valuation, based upon the closed group population as of the census date and the assumptions and methodologies disclosed above.

Fiscal Year Ending June 30,	Expected Benefit Payments
2022	$ 64,000
2023	78,000
2024	84,000
2025	77,000
2026	85,000
2027	111,000
2028	93,000
2029	102,000
2030	80,000
2031	77,000
Thereafter	867,000

M. Participant Counts

	Total
Active not eligible to retire	70
Actives eligible to retire	31
Inactive employees entitled to but not yet receiving benefits	0
Retired and surviving spouses	27
Retiree spouses covered	10
	138

N. Key Actuarial Assumptions

Long-term Bond Rate	2.27%
Single Discount Rate	2.27%
Initial Healthcare Cost Trend Rate	4.00%
Ultimate Healthcare Cost Trend Rate	4.08%

NOTE 8 - GRANTS

The District receives significant financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the District's independent auditors and other governmental auditors. Any disallowed claims resulting from such audits could become a liability of the General Fund. Based on our prior experience, the District administration believes such disallowance, if any, would be immaterial.

NOTE 9 - INTERFUND BALANCES AND TRANSFERS

Interfund balances as of June 30, 2021 were comprised of the following:

	Due From	Due To
General Fund	$ 48,593	$ -
Capital Projects Fund	88,373	-
Special Revenue Fund	-	136,966
	$ 136,966	$ 136,966

Interfund transfers for the year ended June 30, 2021 were comprised of the following:

	Transfer In	Transfer Out
General Fund	$ -	$ (174,374)
Capital Projects Fund	111,526	
Special Revenue Fund	62,848	-
	$ 174,374	$ (174,374)

Interfund balances and transfers are eliminated in the government-wide financial statements, except for the amount due to the trust and agency fund.

NOTE 10 - RESTRICTED FUND BALANCE ANALYSIS

	Capital	Retirement	Repair	Total
Restricted fund balance, beginning of year	$ -	$ 268,459	$ 150,429	$ 418,888
2020 - 2021 Additions	300,059	190	107	300,356
2020 - 2021 Utilization	-	-	-	-
Restricted fund balance, end of year	$ 300,059	$ 268,649	$ 150,536	$ 719,244

NOTE 11 - GENERAL FUND BUDGET AMENDMENTS

Original budget	$12,904,396
Amendments:	
General support	74,987
Instruction	85,278
Pupil transportation	(1,483)
Total amendments	158,782
Revised budget	$13,063,178

NOTE 12 - NEW YORK STATE EDUCATION DEPARTMENT AID REDUCTION

The New York State Education Department ("SED") determined that the District failed to timely file final cost reports for two capital projects. In a July 19, 2013 determination, the SED assessed a penalty in the amount of $4,918,411. The penalty is scheduled to be paid via an annual reduction in State aid payments to the District through June 30, 2023.

NOTE 13 - TAX ABATEMENTS

The County of Chautauqua, New York, entered into various property tax abatement programs for the purpose of economic development and job creation. For the year ended June 30, 2021, the District's property tax revenue was reduced $38,515. The District received Payment in Lieu of Tax (PILOT) payments totaling $18,354.

NOTE 14 - LITIGATION

The District is defending a legal action brought against it by a former student. Although liability is not admitted, if the defense against such action is unsuccessful, the settlement and legal costs could be material to the financial statements. As of the date of this report, the amount of settlement, if any, was not determinable.

PANAMA CENTRAL SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2021

	Original Budget	Revised Budget	Actual	Final Budget Variance With Actual
Revenues:				
Local:				
Real property taxes	$ 3,464,980	$ 2,877,273	$ 2,877,273	$ -
Other tax items	26,958	614,665	615,359	694
Charges for services	35,000	35,000	2,795	(32,205)
Use of money and property	500	500	1,044	544
Sale of property/Compensation for loss	2,500	2,500	13,381	10,881
Refund of prior year expenditures	60,000	60,000	67,778	7,778
Unclassified	13,500	13,500	46,077	32,577
State sources	8,498,958	8,498,958	7,777,710	(721,248)
Federal sources:				
Elementary and Secondary School Relief Fund	-	135,771	135,771	-
Governor's Emergency Education Relief Fund	-	23,011	23,011	-
Medicaid	8,000	8,000	32,527	24,527
Total Revenues	12,110,396	12,269,178	11,592,726	(676,452)
Appropriated fund balance:				
Prior year surplus	794,000	794,000		
Total appropriated fund balance	794,000	794,000		
Total Revenues, Other Sources and Appropriated Fund Balance	$12,904,396	$13,063,178		

PANAMA CENTRAL SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2021

	Original Budget	Revised Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual and Encumbrances
Expenditures:					
General Support:					
Board of Education	$ 8,450	$ 8,450	$ 6,519	$ -	$ 1,931
Central Administration	178,457	178,457	175,605	-	2,852
Finance	368,064	380,502	372,630	-	7,872
Staff	80,961	80,961	77,433	-	3,528
Central services	811,143	872,209	726,760	-	145,449
Special items	153,804	155,287	152,891	-	2,396
Instruction:					
Administration and improvement	412,146	443,396	418,394	-	25,002
Teaching - regular school	3,557,215	3,577,157	3,522,326	-	54,831
Students with disabilities	1,511,152	1,522,184	1,265,657	-	256,527
Occupational education	277,404	277,404	277,403	-	1
Instructional media	432,366	432,409	408,688	-	23,721
Pupil services	500,978	523,989	397,632	-	126,357
Pupil transportation	669,130	667,647	542,984	-	124,663
Community services	18,350	18,350	9,222	-	9,128
Employee benefits	2,989,909	2,989,909	2,781,451	-	208,458
Debt service - principal	777,800	777,800	777,800	-	-
Debt service - interest	157,067	157,067	157,066	-	1
Total expenditures	12,904,396	13,063,178	12,070,461	-	992,717
Other Uses:					
Interfund Transfers	-	-	174,374	-	(174,374)
Total other uses	-	-	174,374	-	(174,374)
Total expenditures and other uses	$12,904,396	$13,063,178	12,244,835	-	818,343
Net Change in Fund Balance			(652,109)		
Fund balance, beginning of year			3,799,142		
Fund balance, end of year			$ 3,147,033		

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

See paragraph on supplementary schedules included in auditor's report.

PANAMA CENTRAL SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RATIOS

YEAR ENDED JUNE 30, 2021

	2021	2020	2019	2018
Total OPEB Liability				
Service Cost	$ 23,886	$ 17,918	$ 17,224	$ 15,297
Interest	27,319	27,013	27,880	27,615
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(43,239)	231,741	11,993	25,563
Changes in assumptions or other inputs	16,501	84,746	(230)	10,587
Expected benefit payments	(51,090)	(44,606)	(35,390)	(33,899)
Net changes in total OPEB Liability	(26,263)	316,812	21,477	45,793
Total OPEB liability, beginning	1,128,761	811,919	790,472	744,679
Total OPEB liability, end	**$1,102,138**	**$1,128,761**	**$ 811,949**	**$ 790,472**
Covered Payroll	$5,591,182	$5,591,182	$ 5,439,393	$ 5,439,393
Total OPEB liability as a percentage of covered payroll	19.71%	20.19%	14.93%	14.53%

An additional year of historical information will be added each year until 10 years of historical data is available.

See paragraph on supplementary schedules included in auditor's report.

Panama Central School District
Required Supplementary Information
Schedule of District Contributions
Last 10 Fiscal Years

Teachers' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 418,906	$ 495,225	$ 453,211	$ 526,337	$ 589,781	$ 759,899	$ 680,653	$ 501,234	$ 460,429	$ 352,043
Contributions in relation to contractually required contribution	418,906	495,225	453,211	526,337	589,781	759,899	680,653	501,234	460,429	352,043
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered employee payroll	$ 4,671,088	$ 4,728,059	$ 4,663,131	$ 4,624,602	$ 4,490,929	$ 4,447,824	$ 4,334,848	$ 4,188,636	$ 4,233,391	$ 4,144,275
Contributions as a percentage of covered-employee payroll	9.0%	10.5%	9.7%	11.4%	13.1%	17.1%	15.7%	12.0%	10.9%	8.5%

Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 169,396	$ 163,317	$ 152,029	$ 142,467	$ 133,974	$ 158,286	$ 172,277	$ 174,695	$ 190,886	$ 169,262
Contributions in relation to contractually required contribution	169,396	163,317	152,029	142,467	133,974	158,286	172,277	174,695	190,886	169,262
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered employee payroll	$ 1,190,380	$ 1,155,786	$ 1,079,772	$ 969,820	$ 883,098	$ 883,098	$ 904,735	$ 932,150	$ 935,550	$ 1,038,732
Contributions as a percentage of covered-employee payroll	14.2%	14.1%	14.1%	14.7%	15.2%	17.9%	19.0%	18.7%	20.4%	16.3%

See paragraph on supplementary schedules included in auditor's report.

Panama Central School District
Required Supplementary Information
Schedule of District's Proportion Share
of the Net Pension Liability (Asset)
Last 7 Fiscal Years

	Teachers' Retirement System									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset)	0.0278560%	0.0279370%	0.0283910%	0.0283400%	0.0288240%	0.0288580%	0.0283600%	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	$ 769,739	$ (725,804)	$ (513,387)	$ (215,411)	$ 308,716	$ (2,997,416)	$ (3,158,691)			
District's covered payroll	$ 4,671,088	$ 4,728,059	$ 4,663,131	$ 4,624,602	$ 4,490,929	$ 4,447,824	$ 4,334,848			
District's proportion of the net pension liability (asset) as a percentage of its covered payroll	16.48%	-15.35%	-11.01%	-4.66%	6.87%	-67.39%	-72.87%			
Plan fiduciary net position as a percentage of the total pension liability (asset)	97.8%	102.2%	101.5%	100.7%	99.0%	110.5%	111.5%			

	Employees' Retirement System									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset)	0.0038984%	0.0037738%	0.0036657%	0.0034136%	0.003471%	0.003536%	0.003614%	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	$ 3,882	$ 999,319	$ 259,726	$ 110,171	$ 326,131	$ 567,579	$ 122,008			
District's covered payroll	$ 1,190,380	$ 1,155,786	$ 1,079,772	$ 969,820	$ 883,098	$ 883,098	$ 904,735			
District's proportion of the net pension liability as a percentage of its covered payroll	0.3%	86.5%	24.1%	11.4%	36.9%	64.3%	13.5%			
Plan fiduciary net position as a percentage of the total pension liability (asset)	99.95%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%			

See paragraph on supplementary schedules included in auditor's report.

PANAMA CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2021

Federal Grantor/Program Title	Federal CFDA Number	Federal Disbursements/ Expenditures
U.S. Department of Education		
Passed through NYS Department of Education:		
Title I - Parts A&D Improved Academic Achievement	84.010	$ 133,758
Title IIA - Teacher/Principal Training & Recruitment	84.367	$ 11,347
Small Rural School Achievement Program	84.358	$ 22,650
Title IV - Student Support and Academic Enrichment Program	84.424	$ 9,389
Special Education Cluster (IDEA):		
Passed through NYS Department of Education:		
IDEA Part B, Section 611	84.027	$ 159,431
IDEA Part B, Section 619	84.173	2,136
Total Special Education Cluster (IDEA)		$ 161,567
Elementary and Secondary School Emergency Relief Program (ESSER)	84.425D	$ 135,771
Governor's Emergency Education Relief Fund (GEER)	84.425C	$ 23,011
Total U.S. Department of Education		**$ 497,493**
U.S. Department of Agriculture		
Child Nutrition Cluster:		
Passed through NYS Department of Education:		
Summer Food Service Program for Children	10.559	$ 147,218
Total Child Nutrition Cluster		$ 147,218
Total U.S. Department of Agriculture		**$ 147,218**
Total Federal Awards Expended		**$ 644,711**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 - Significant Accounting Policies

The Schedule of Expenditures of Federal Awards is prepared utilizing the modified accrual basis of accounting for recording transactions. Expenditures are the prime factor for determining eligibility. As such, revenues from Federal sources are accrued when grant expenditures are made.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements <u>Performed in Accordance with Government Auditing Standards</u>

Board of Education
Panama Central School District
Panama, New York

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Panama Central School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Panama Central School District's basic financial statements and have issued my report thereon dated October 15, 2021.

<u>Internal Control Over Financial Reporting</u>

In planning and performing the audit of the financial statements, I considered Panama Central School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Panama Central School District's internal control. Accordingly, I do not express an opinion on the effectiveness of Panama Central School District's internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during the audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

<u>Compliance and Other Matters</u>

As part of obtaining reasonable assurance about whether Panama Central School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

<u>Purpose of this Report</u>

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Panama Central School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Panama Central School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

John S. Trussalo CPA P.C.

JOHN S. TRUSSALO, CPA, P.C.
Jamestown, New York
October 15, 2021

PANAMA CENTRAL SCHOOL DISTRICT

GENERAL FUND

SUPPLEMENTAL SCHEDULES

YEAR ENDED JUNE 30, 2021

Analysis of Change from Original Budget to Revised Budget

Adopted budget	$12,904,396
Add: Prior year encumbrances	-
Original budget	$12,904,396
Budget revisions	158,782
Revised budget	$13,063,178

Section 1318 of Real Property Tax Law Limit Calculation

2021-2022 Expenditure budget $12,933,775. Maximum allowed - 4% of 2021-2022 Expenditure budget.		$ 517,351
General Fund Balance Subject to Section 1318 of Real Property Tax Law:		
Unrestricted Fund Balance:		
Committed fund balance	$ -	
Assigned fund balance	794,000	
Unassigned fund balance	1,633,789	
Total unrestricted fund balance	$ 2,427,789	
Less:		
Appropriated fund balance	$ 794,000	
Insurance recovery reserve	-	
Tax reduction reserve	-	
Encumbrances included in committed and assigned fund balance	-	
Total adjustments	$ 794,000	
General Fund Balance Subject to Section 1318 of Real Property Tax Law		$ 1,633,789
Actual Percentage		12.63%

Net Investment in Capital Assets

Capital assets, net	$17,477,193
Deduct:	
Premium on bonds, net of accumulated accretion	(35,000)
Long term bonds payable and capital lease obligation	(2,790,281)
Net Investment in Capital Assets	$14,651,912

PANAMA CENTRAL SCHOOL DISTRICT

CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT EXPENDITURES

JUNE 30, 2021

Project Title	Original Budget	Revised Budget	Current Year Expenditures	Project Total	Unexpended Balance
Reconstruction Work	$5,000,000	$5,000,000	$ 265,270	$ 585,783	$4,414,217

PANAMA CENTRAL SCHOOL DISTRICT

SCHEDULE OF CERTAIN REVENUES AND EXPENDITURES COMPARED TO ST-3 DATA

YEAR ENDED JUNE 30, 2021

	Account Code	ST-3 Amount	Audited Amount
Revenues and Other Sources:			
Property taxes	A1001	$ 2,877,273	$ 2,877,273
Other tax items	AT1099	615,359	615,359
Charges for services	AT2399	2,795	2,795
Use of money and property	AT2499	1,044	1,044
Sale of property/compensation for loss	AT2699	13,381	13,381
Unclassified	AT2799	113,855	113,855
State sources	AT3999	7,777,709	7,777,710 (A)
Federal sources	AT4999	191,309	191,309
Total Revenues		$11,592,725	$11,592,726
Expenditures and Other Uses:			
General Support	AT1999	$ 1,511,839	$ 1,511,838 (A)
Instruction	AT2999	6,290,102	6,290,100 (A)
Pupil Transportation	AT5599	542,983	542,984 (A)
Community Service	AT8099	9,222	9,222
Employee Benefits	AT9098	2,781,451	2,781,451
Debt Service - Principal	AT9798.6	777,800	777,800
Debt Service - Interest	AT9798.7	157,066	157,066
Interfund Transfers	AT9951	174,374	174,374
Total Expenditures and Other Uses		$12,244,837	$12,244,835

(A) - Rounding

Independent Auditor's Report on Extraclassroom Activity Fund

Board of Education
Panama Central School District
Panama, New York

I have audited the accompanying statement of Panama Central School District's Extraclassroom Activity Fund, which comprise the statements of assets, liabilities and fund balance-cash basis as of June 30, 2021, and the related statement of cash receipts, disbursements and balances - cash basis for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

The records of the Panama Central School District's Extraclassroom Activity Fund were not adequate to permit the application of adequate auditing procedures to indicate whether all receipts were recorded.

Opinion

In my opinion, except for the effects of any adjustments that might have been determined to be necessary had I been able to perform adequate auditing procedures regarding the receipts referred to in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Panama Central School District's Extraclassroom Activity Fund, as of June 30, 2021, and its support, revenue, and expenses for the year then ended in accordance with the cash basis of accounting as described in Note 1.

Basis Of Accounting

I draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My opinion is not modified with respect to that matter.

John S. Trussalo CPA P.C.

JOHN S. TRUSSALO, CPA, P.C.
Jamestown, New York
October 15, 2021

PANAMA CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUND

STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS

AS OF JUNE 30, 2021

Assets	
Checking and money market accounts	$ 52,587
Fund Balance	
Restricted	$ 52,587

See accompanying notes to financial statements.

PANAMA CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND BALANCES

YEAR ENDED JUNE 30, 2021

Activities:	Beginning of Year	Receipts	Disbursements	End of Year
Class of 2020	$ 4,054	$ 20	$ (4,074)	$ -
Class of 2021	7,475	1,466	(7,892)	1,049
Class of 2022	1,650	1,498	(1,935)	1,213
Class of 2023	1,214	3,426	(1,846)	2,794
Class of 2024	881	8.438	(100)	9,219
Class of 2025	378	7,875	-	8,253
Boys Swim Club	396	-	(214)	182
Middle and High School Spanish Club	2,432	10	(500)	1,942
Music Department	5,200	1,943	(1,732)	5,411
SADD	391	-	-	391
Student Council	4,902	3,335	(638)	7,599
Middle School Student Council	2,950	-	(25)	2,925
Volleyball Club	2,150	-	-	2,150
CSP Track & Field Club	2,009	-	(308)	1,701
Girls Basketball Club	437	967	(1,314)	90
Softball Club	-	434	-	434
Trap Club	-	100	-	100
Washington Trip	14,374	19,230	(33,604)	-
Yearbook	7,148	6,853	(6,867)	7,134
Total	**$ 58,041**	**$ 55,595**	**$ (61,049)**	**$ 52,587**

See accompanying notes to financial statements.

PANAMA CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUND

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Extraclassroom Activity Fund is independent of the reporting entity of the Panama Central School District with respect to its financial transactions, and the designation of student management and the cash balances are reported in the Trust and Agency fund of the District.

The Extraclassroom Activity Fund represents funds of the student organizations. These are funds raised other than by taxation or through charges of a Board of Education for, by, or in the name of a school, student body, or any subdivision thereof.

Basis of Accounting

The books and records of the Extraclassroom Activity Fund are maintained on the cash basis of accounting. Pursuant to this basis of accounting, revenues are recognized when cash is received and expenditures are recognized when cash is disbursed.